

EASTMAN CHEMICAL CO
Form 11-K
June 30, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 11-K

(Mark
One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE

REQUIRED]

For the fiscal year ended December 31, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE
REQUIRED]

For the transition period from _____ to

Commission file number 1-12626

A. Full Title of the plan and the address of the plan, if different from
that of the issuer named below:

EASTMAN INVESTMENT AND EMPLOYEE STOCK
OWNERSHIP PLAN

B. Name of issuer of the securities held pursuant to the plan and the
address of its principal executive office:

EASTMAN CHEMICAL COMPANY

200 S. Wilcox Drive
Kingsport, Tennessee 37660

Eastman Investment and Employee Stock Ownership Plan

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Note A: Other supplemental schedules required by Section 2520.10310 of the Department of Labor’s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (“ERISA”) have been omitted because they are not applicable.

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of
Eastman Investment and Employee Stock Ownership Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Eastman Investment and Employee Stock Ownership Plan (the "Plan") at December 31, 2007 and December 31, 2006, and the changes in net assets available for benefits for the periods then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
June 30, 2008

Eastman Investment and Employee Stock Ownership Plan
 Statements of Net Assets Available for Benefits
 December 31, 2007 and December 31, 2006
 (in thousands)

| | Participant Directed | December 31, 2007 Non- participant Directed | Total | Participant Directed | December 31, 2006 Non- participant Directed | Total |
|--|-------------------------|--|-------------|-------------------------|--|-------------|
| Assets | | | | | | |
| Investments at fair value | \$ 1,485,704 | \$ 95,025 | \$1,580,729 | \$ 1,379,266 | \$ 102,961 | \$1,482,227 |
| Receivables: | | | | | | |
| Sponsor | 29,415 | 3,869 | 33,284 | 31,009 | 3,382 | 34,391 |
| Other | 1,435 | 1,352 | 2,787 | 1,394 | 802 | 2,196 |
| Total assets | 1,516,554 | 100,246 | 1,616,800 | 1,411,669 | 107,145 | 1,518,814 |
| Liabilities | | | | | | |
| Accrued expenses | 12 | 17 | 29 | 13 | 16 | 29 |
| Other liabilities | 2,339 | 1,370 | 3,709 | 987 | 879 | 1,866 |
| Total liabilities | 2,351 | 1,387 | 3,738 | 1,000 | 895 | 1,895 |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | (3,102) | -- | (3,102) | 8,231 | -- | 8,231 |

Net assets
available
for plan benefits \$ 1,511,101 \$ 98,859 \$1,609,960 \$ 1,418,900 \$ 106,250 \$1,525,150

The accompanying notes are an integral part of these financial statements.

Eastman Investment and Employee Stock Ownership Plan
 Statements of Changes in Net Assets Available for Benefits
 For the Periods Ended December 31, 2007 and December 31, 2006
 (in thousands)

| | Participant Directed | December 31, 2007 Non- participant Directed | Total | Participant Directed | December 31, 2006 Non- participant Directed | Total |
|--|-------------------------|---|-----------|-------------------------|---|-----------|
| Additions to net assets: | | | | | | |
| Investment income (loss) | | | | | | |
| Interest | \$ 27,555 | \$ - | \$ 27,555 | \$ 28,848 | \$ -- | \$ 28,848 |
| Dividends | 67,710 | 2,840 | 70,550 | 58,845 | 3,324 | 62,169 |
| Net appreciation (depreciation) in fair value of investments | 34,503 | 4,074 | 38,577 | 27,345 | 14,469 | 41,814 |
| Net investment gain (loss) | 129,768 | 6,914 | 136,682 | 115,038 | 17,793 | 132,831 |
| Participant contributions | 80,729 | - | 80,729 | 69,396 | - | 69,396 |
| Plan Sponsor contributions | 29,415 | 3,869 | 33,284 | 31,009 | 3,382 | 34,391 |
| Total additions | 239,912 | 10,783 | 250,695 | 215,443 | 21,175 | 236,618 |
| Deductions from net assets: | | | | | | |
| Distributions to and withdrawals by participants | | | | | | |
| Administrative expenses | 159,653 | 6,052 | 165,705 | 187,168 | 5,213 | 192,381 |
| | 180 | - | 180 | 164 | - | 164 |
| Total deductions | 159,833 | 6,052 | 165,885 | 187,332 | 5,213 | 192,545 |
| Interfund transfers, net | | | | | | |
| | 12,122 | (12,122) | - | 16,713 | (16,713) | - |
| | 92,201 | (7,391) | 84,810 | 44,824 | (751) | 44,073 |

| | | | | | | | |
|--|--------------|-----------|--------------|--------------|------------|--------------|--|
| Net increase (decrease) in net assets | | | | | | | |
| Net assets available for plan benefits at beginning of period | 1,418,900 | 106,250 | 1,525,150 | 1,374,076 | 107,001 | 1,481,077 | |
| Net assets available for plan benefits at end of period | \$ 1,511,101 | \$ 98,859 | \$ 1,609,960 | \$ 1,418,900 | \$ 106,250 | \$ 1,525,150 | |

The accompanying notes are an integral part of these financial statements.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

1. DESCRIPTION OF PLAN

The Eastman Investment and Employee Stock Ownership Plan (the "Plan") is a defined contribution plan of a controlled group of corporations consisting of Eastman Chemical Company and certain of its wholly-owned subsidiaries operating in the United States ("Eastman", the "Company" or the "Plan Sponsor"). The Plan is organized pursuant to Sections 401(a) and (k) and Section 4975(e) (7) of the Internal Revenue Code. All United States employees of Eastman, with the exception of certain limited service and special program employees, and employees covered by a collective bargaining agreement with the Company, unless the collective bargaining agreement or the Plan specifically provides for participation, are eligible to participate in the Plan on their first day of employment with Eastman. The Plan was adopted by Eastman, the Plan Sponsor, on January 1, 1994 and is subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). The Plan is administered by the Investment Plan Committee ("IPCO"), which is the Plan Administrator and is comprised of Eastman employees. The Plan has trusts which are administered by the Fidelity Management Trust Company (the "Trustee"). The trusts include the Eastman Chemical Trust and the ESOP Trust. Since the inception of the Plan, money in the forfeiture account has been used both to offset future Company contributions and for various administrative expenses of the Plan. The balance of the forfeiture account at December 31, 2007 and December 31, 2006 was \$29,000 and \$27,000, respectively. There were no forfeitures used in 2007 or 2006.

For additional information regarding the Plan, see the complete Plan documents.

As of December 31, 2006 the Plan's fiscal year end date was changed from December 30 to December 31. For purposes of comparability, the Statement of Changes in Net Assets Available for Benefits for the period ended December 31, 2006 presents the period December 31, 2005 through December 31, 2006.

Contributions and vesting

Contributions to the Plan are made through two separate provisions: (a) deferral of qualifying compensation and (b) contributions by the Plan Sponsor of cash or its common stock to the ESOP Fund as determined by the Compensation and Management Development Committee of the Board of Directors of Eastman.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

The Plan includes a salary reduction provision allowing eligible employees to defer up to 40% of qualifying compensation, as defined in the Plan, up to the statutory limit of \$15,500 for 2007 as permitted by the Internal Revenue Code. For the catch-up salary deferral, an eligible employee who has attained age 50 before the close of the calendar year was allowed to defer up to 35% of qualifying compensation, as defined in the Plan, for 2007 up to certain Internal Revenue Code limitations. Plan Sponsor contributions are also subject to certain other limitations. Participants' salary deferrals are contributed to the Plan by Eastman on behalf of the participants. The Plan's Trustee invests amounts contributed to the Plan, as designated by the participant, in common stock of Eastman, various growth and income mutual funds, and/or interest in a guaranteed investment contract fund (see Note 7). Generally, participants may transfer amounts among the funds on any business day. Additionally, participants may diversify amounts from their ESOP Fund account within the Plan (see Note 9). Each participant is at all times 100% vested in their account, with the exception of amounts transferred from other plans, which continue to be subject to the former plans' vesting requirements. The Plan requires for the Retirement Savings Contribution ("RSC") to be contributed either to the ESOP Fund for employees' first five RSC contributions or into other Plan funds, as directed by the participant, for participants with more than five RSC contributions. For participants with more than five RSC contributions, the RSC is allocated to participant-directed funds in accordance with each participant's investment elections at such time as the RSC is made.

Plan Sponsor contributions may be paid at any time during the plan year and subsequent to such plan year through the due date for filing the Company's federal income tax return, including any extensions. Contributions may be paid to the ESOP Fund in cash or shares of Eastman common stock and are deposited in the Company contribution account. Allocations to the participants' accounts from the Company contribution account will be made each plan year to participants who are eligible employees on the date designated by the Company. Participants are not permitted to make contributions to the ESOP Fund and are 100% vested in their account balance at all times.

Employees may elect to transfer, into any of the Plan's fund options, balances received from (1) lump sum payouts from the Eastman Retirement Assistance Plan, a qualified defined benefit plan also sponsored by Eastman Chemical Company, (2) a former employer's 401(a) and 401(k) plan, or (3) an employee's individual retirement account containing amounts received from a qualified defined contribution plan under Section 401(a) and 401(k) of the Internal Revenue Code. All rollover contributions into the Plan must meet the applicable Internal Revenue Service requirements.

On or after January 1, 2007, each eligible employee hired by the Company will, in addition to the RSC, be automatically enrolled as a participant in the Eastman Investment Plan ("EIP") portion of the Plan. The participants will be deemed to have elected to defer 7% of their qualifying compensation to the EIP portion of the Plan, unless they affirmatively decline or they elect to contribute a percentage other than 7%. Each participant will also be eligible to receive a matching contribution from the Company equal to 50% of the first 7% of their pay that they contribute to the Plan each pay period.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

Loans

The Investment Plan Committee (“IPCO”) may grant a loan of at least \$1,000 to a participant provided that the aggregate of the participants’ loans outstanding does not exceed the lesser of (i) \$50,000 reduced by the excess, if any, of (a) the participant’s highest outstanding loan balance from the preceding 12 months over (b) the outstanding total loan balance of loans from the Plan on the date on which the loan was made, or (ii) 50% of the non-forfeitable portion of the participant’s account, excluding amounts in a participant’s ESOP Fund account. In accordance with the Plan provisions, the rate of interest on new participant loans approximates current market rates. The term of any loan is determined by IPCO and shall not exceed five years. Loans transferred to the Plan from the Hercules Incorporated Savings and Investment Plan, the ABCO Industries, Inc. 401(k) Profit Sharing Plan, and the Eastman Resins, Inc. Employees’ Growth Sharing Plan continue to carry terms applicable under those Plans. At December 31, 2007, \$30.0 million in loans were outstanding for terms of 6 to 121 months and interest rates ranging from 4% to 10.50%. At December 31, 2006, \$29.5 million in loans were outstanding for terms from 3 to 122 months and interest rates ranging from 4% to 10.50%.

Distributions

Distributions from the Plan require the approval of IPCO or its designee and are made under the following circumstances:

- Upon attaining age 59½, a participant may elect to receive a lump sum cash distribution of their total or partial account value while still actively employed.
- Upon separation of service from Eastman for any reason except death, the full value of a participant’s account is distributed in a lump sum payment for those participants who are not retirement-eligible and the participant account value is less than or equal to \$1,000. Separated participants with accounts in excess of \$1,000 or who are retirement-eligible may elect either (i) to defer distribution until a later date but, in no event, later than April 1 of the calendar year following the year a participant attains age 70½ or (ii) immediate lump-sum distribution of the participant’s account or, at the election of the participant, distributions in monthly or annual installments. Participants in the Eastman Stock Fund or ESOP Fund may elect a lump sum distribution in Eastman common stock.
- In the event of death, the value of a participant’s account is paid in a lump sum if the designated beneficiary is not the surviving spouse or if the account value is less than or equal to \$1,000. If the beneficiary is a surviving spouse and the participant account value exceeds \$5,000, payment will be made in either a lump-sum amount or, at the election of the surviving spouse, in monthly or annual installments.
- Distributions to participants shall commence in the year following the year a participant attains age 70½, unless the participant has terminated his or her service with the Company.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

- Approval of hardship withdrawals will only be granted in order to meet obligations relating to the payment of substantial out-of-pocket medical expenses, the purchase of a primary residence, the payment of tuition or other post-secondary educational expenses, or payments to prevent eviction or foreclosure. They are also granted for payment of funeral expenses for a deceased parent, spouse or child of the participant, or payment of expenses for repair or damage to the participants' principal residence. Hardship withdrawals may not exceed the value of the participant's accounts in the Plan on the date of withdrawal.
- The Trustee is authorized to honor qualified domestic relation orders issued and served in accordance with Section 414(p) of the Internal Revenue Code.

Dividends attributable to the ESOP Fund

IPCO may direct that Eastman common stock dividends attributable to the non-participant directed ESOP Fund be (a) allocated to the accounts of participants, (b) paid in cash to the participants on a nondiscriminatory basis, or (c) paid by the Company directly to participants. Alternatively, dividends received from Eastman common stock maintained in the Loan Suspense Account may be applied to reduce the related loan balance.

Investment of ESOP Fund Assets

ESOP Fund assets are invested primarily in Eastman common stock. However, at IPCO's discretion, funds may also be invested in other securities or held in cash.

Investment assets can be acquired by the ESOP Fund in three ways:

- The Company may make a direct contribution of cash to the ESOP Fund, which would then be used to purchase Eastman common stock or other securities.
 - The Company may contribute shares of Eastman common stock directly to the ESOP Fund.
- The Company may direct the Trustee to obtain a loan to purchase securities (i.e., leveraged ESOP). Until the loan is repaid, securities acquired with the respective loan process are not available to be allocated to participants' accounts and are maintained in a "Loan Suspense Account". On the last day of each plan year, a proportionate share of securities relating to loan amounts which have been repaid will be transferred out of the Loan Suspense Account and allocated to the accounts of ESOP Fund participants. The ESOP Fund currently is not a leveraged ESOP.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

Allocations to participants' ESOP Fund accounts

Separate participant accounts are established to reflect each participant's interest in the ESOP Fund and are maintained under the unit value method of accounting. The ESOP Fund account maintained for each participant consists of:

- Plan Sponsor contributions made or invested in shares of Eastman common stock.
- Shares of Eastman common stock purchased with assets transferred to the ESOP Fund pursuant to the spin-off from Eastman Kodak Company and/or acquired with the proceeds of a loan released from the Loan Suspense Account.
- An allocable share of short-term interest and money market funds held in the ESOP Fund for purposes of payment of expenses and similar purposes.
- After-tax contributions transferred to the ESOP Fund pursuant to the spin-off from Eastman Kodak Company (such after-tax contributions are no longer permitted under the ESOP provisions).

The number of units allocated to a participant's account in any year is based on the ratio of the participant's compensation to the total compensation of all eligible employees entitled to share in the allocation for that plan year. In any year in which a Company contribution is made, a participant's allocation will not be less than one share of stock.

Federal law limits the total annual contributions that may be made on a participant's behalf to all defined contribution and defined benefit plans offered by the Company. Participants will be notified if their total annual contribution is limited by this legal maximum.

Actions taken in connection with the completion of certain corporate transactions

In the fourth quarter of 2006, the Company sold its Batesville, Arkansas manufacturing facility and related assets in its Performance Chemicals and Intermediates segment and also its polyethylene-related assets at the Longview, Texas facility in the Performance Polymers and Coatings, Adhesives, Specialty Polymers and Inks segments. In February 2007, the Company made a discretionary contribution to the account of each participant whose employment was terminated in connection with these sales equal to 5% of the compensation paid to each participant for the period January 1, 2006 to the dates of the respective sales.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

New accounting pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No.157 ("SFAS 157"), Fair Value Measurements. SFAS 157 establishes a single authoritative definition of fair value, sets out a framework for measuring fair value, and requires additional disclosures about fair value measurement. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Plan does not believe the adoption of SFAS 157 will have a material impact on the financial statements.

2. SUMMARY OF ACCOUNTING POLICIES

The following accounting policies, which conform to accounting principles generally accepted in the United States of America, have been used consistently in the preparation of the Plan's financial statements.

Basis of accounting

The Plan's financial statements are prepared on the accrual basis of accounting.

As described in FASB Staff Position, FSP AAG INV-1 and SOP 94-4-1 , Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans ("the FSP"), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Investment policy and valuation

The plan's investments are stated at fair value. If available, quoted market prices are used to value investments. Investments in regulated investment companies are valued at the net asset value per share on the valuation date.

Accrued interest, if any, on the underlying investments is added to the fair value of the investments for presentation purposes. Participant loans are valued at amortized cost, which represents fair value.

For investments in the ESOP fund and the Eastman Stock Fund, the Trustee may keep any portion of participant and Plan Sponsor contributions temporarily in cash or liquid investments as it may deem advisable. All dividends, interest or gains derived from investment in each fund are reinvested in the respective fund by the Trustee.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

The Managed Income Fund is reported at fair value as determined by the contract issuers. The Managed Income Fund is comprised of synthetic guaranteed investment contracts that include interests in commingled trusts or individual fixed income securities that are held in trust for the Plan. The Plan then enters into a benefit responsive wrapper contract with a third party such as a financial institution or an insurance company which guarantees the Plan a specific value and rate of return. The underlying securities are valued at quoted market prices. The wrap contracts are valued using the market value method. (See Note 7).

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded at the ex-dividend date.

The Plan presents in the statement of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

Payments to participants

Benefits payments to participants are recorded when paid.

Reclassifications

Certain items in 2006 have been reclassified to conform to the 2007 presentation.

3. RISKS AND UNCERTAINTIES

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participant account balances and the amounts reported in the financial statements.

4. CONTRIBUTIONS

Participant contributions represent qualifying compensation and other qualifying employee bonuses withheld from participating employees by Eastman and contributed to the Plan.

Contributions are invested in the Plan's funds as directed by the participants, with the exception of the ESOP Fund, subject to ERISA funding limitations. The Plan has accrued sponsor contributions for participant-directed funds of \$29.4 million and \$31.0 million and for the non-participant-directed ESOP Fund of \$3.9 million and \$3.4 million at December 31, 2007 and 2006, respectively.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

5. LOANS TO PARTICIPANTS

The Plan Trustee makes loans to participants in accordance with Plan provisions. Loans made are accounted for as a transfer from the fund directed by the participant to the Loan Fund. The principal portion of loan repayments reduces the Loan Fund receivable. The principal and interest repaid are directed to funds to which the participant's current contributions are directed; the principal is accounted for as a transfer and the interest accounted for as income in the fund to which the participant's current contributions are directed. The Loan Fund's net assets and other changes in net assets are included in the participant-directed funds in the Statements of Net Assets and Changes in Net Assets Available for Benefits, respectively.

Unless otherwise specified by the participant, loan proceeds will be withdrawn from the investment funds on a pro-rata basis. Outstanding loans at December 31, 2007 and 2006 were approximately \$30.0 million and \$29.5 million, respectively. Interest income earned on loans to participants is credited directly to the participants' accounts and was approximately \$2.4 million and \$2.0 million for 2007 and 2006.

6. INVESTMENTS

At December 31, 2007 and 2006, the Plan's assets were invested in synthetic investment contracts (see Note 7), mutual funds, and in Eastman Chemical Company common stock. Subject to certain limitations, participants are provided the option of directing their contributions among these investment options. The Plan also holds an interest in the non-participant directed Eastman ESOP Fund, which invests in Eastman Chemical Company common stock and short-term interest funds. The Trustee manages investments in all funds.

| (in thousands) | December 31, 2007 | December 31, 2006 |
|---------------------------------|----------------------|----------------------|
| Cash | \$ 2,900 | \$ 2,100 |
| Common Stock | 169,904 | 162,744 |
| Mutual Funds | 806,027 | 707,193 |
| Synthetic GIC | 588,885 | 601,745 |
| Self Directed Brokerage Account | 13,013 | 8,445 |
| Investments, at fair value | \$ 1,580,729 | \$ 1,482,227 |

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

The following investment options, which invest primarily in common stock of the Plan sponsor, were available to participants in 2007 and 2006:

Eastman Stock Fund

This participant-directed fund consists primarily of Eastman Class A common stock. Purchases and sales of Eastman stock are generally made on the open market on behalf of and as elected by Plan participants. During 2007, the Trustee purchased 1,528,100 shares of Eastman stock for the fund at an average price of \$64.12 per share, and sold 1,320,400 shares of Eastman stock for the fund at an average price of \$65.27 per share. During 2006, the Trustee purchased 1,087,600 shares of Eastman stock for the fund at an average price of \$51.71 per share and sold 1,552,000 shares at an average price of \$54.80 per share. Dividends paid from the Eastman Stock Fund totaled \$1.9 million and \$2.5 million in 2007 and 2006, respectively.

Eastman ESOP Fund

This non-participant directed fund consists primarily of Eastman Class A common stock. Purchases and sales of Eastman stock are generally made on the open market, on behalf of its participants and as directed by the Plan's guidelines. During 2007, the Trustee purchased 63,900 shares of Eastman stock for the fund at an average price of \$59.76 per share, and sold 236,200 shares of Eastman stock for the fund at an average price of \$64.12 per share. During 2006, the Trustee purchased 63,800 shares of Eastman stock for the fund at an average price of \$50.90 per share, and sold 311,700 shares at an average price of \$55.52 per share.

At December 31, 2007 and December 31, 2006, the following investments represented 5% or greater of ending net assets, (in thousands):

| | December 31, 2007 | |
|--|-------------------|------------|
| | Shares | Fair value |
| Eastman Chemical Company Common Stock, | 6,560\$ | 95,025 |
| Non Participant Directed | | |
| Fidelity Magellan® Fund | 935 | 87,727 |
| Fidelity Contrafund | 2,064 | 150,903 |
| | | |
| | December 31, 2006 | |
| | Shares | Fair value |
| Eastman Chemical Company Common Stock, | 7,316\$ | 102,961 |
| Non Participant Directed | | |
| Fidelity Magellan® Fund | 908 | 81,298 |
| Fidelity Contrafund | 2,005 | 130,694 |

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

During 2007 and 2006, the Plan's investments (including investments bought, sold and held during the year) appreciated in value by \$38.6 million and \$41.8 million, respectively, as follows (in thousands):

| | Net Appreciation (Depreciation) December 31, 2007 | Net Appreciation (Depreciation) December 31, 2006 |
|--|---|---|
| Eastman Chemical Company Common Stock, Non Participant Directed | \$ 4,074 | \$ 14,469 |
| Eastman Chemical Company Common Stock, Participant Directed | 3,875 | 13,930 |
| Mutual Funds | 30,628 | 13,415 |
| Total | \$ 38,577 | \$ 41,814 |

7. INSURANCE CONTRACTS

The Plan invests in the Managed Income Fund (the "Fund"), which invests in synthetic guaranteed investment contracts ("GICs"). The term "synthetic" investment contract is used to describe a variety of investment contracts under which a Plan retains ownership of the invested assets, or owns units of an account or trust which holds the invested assets. A "synthetic" investment contract, also referred to as a "wrap" contract, is negotiated with an independent financial institution. Under the terms of these investment contracts, the contract issuer ensures the Plan's ability to pay eligible employee benefits at book value. The investment performance of a synthetic investment contract may be a function of the investment performance of the invested assets.

A wrap contract is an agreement by another party, such as a bank or insurer, to make payments to the Fund in certain circumstances. Wrap contracts are designed to allow a stable value fund, such as the Fund, to maintain a constant net asset value ("NAV") and to protect the Fund in extreme circumstances. In a typical wrap contract, the wrap issuer agrees to pay the Fund the difference between the contract value and the market value of the covered assets once the market value has been totally exhausted. Though relatively unlikely, this could happen if the Fund experiences significant redemptions (redemption of most of the Fund's shares) during a time when the market value of the Fund's covered assets are below their contract value, and market value is ultimately reduced to zero. If that occurs, the wrap issuer agrees to pay the Fund an amount sufficient to cover shareholder redemptions and certain other payments (such as fund expenses), provided all the terms of the wrap contract have been met. Purchasing wrap contracts is similar to buying insurance, in that the Fund pays a relatively small amount to protect against a relatively unlikely event (the redemption of most of the shares of the Fund). Fees the Fund pays for wrap contracts are a component of the Fund's expenses.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

Wrap contracts accrue interest using a formula called the “crediting rate.” Wrap contracts use the crediting rate formula to convert market value changes in the covered assets into income distributions in order to minimize the difference between the market and contract value of the covered assets over time. Using the crediting rate formula, an estimated future market value is calculated by compounding the Fund’s current market value at the Fund’s current yield to maturity for a period equal to the Fund’s duration. The crediting rate is the discount rate that equates that estimated future market value with the Fund’s current contract value. Crediting rates are reset quarterly. The wrap contracts provide a guarantee that the crediting rate will not fall below 0%.

The crediting rate, and hence the Fund’s return, may be affected by many factors, including purchases and redemptions by shareholders. The precise impact on the Fund depends on whether the market value of the covered assets is higher or lower than the contract value of those assets. If the market value of the covered assets is higher than their contract value, the crediting rate will ordinarily be higher than the yield of the covered assets. Under these circumstances, cash from new investors will tend to lower the crediting rate and the Fund’s return, and redemptions by existing shareholders will tend to increase the crediting rate and the Fund’s return.

The Fund and the wrap contracts purchased by the Fund are designed to pay all participant-initiated transactions at contract value. Participant-initiated transactions are those transactions allowed by the underlying defined contribution plan (typically this would include withdrawals for benefits, loans, or transfers to non-competing funds within the Plan). However, the wrap contracts limit the ability of the Fund to transact at contract value upon the occurrence of certain events. These events include:

- The Plan’s failure to qualify under Section 401(a) or Section 401(k) of the Internal Revenue Code.
- The establishment of a defined contribution plan that competes with the Plan for employee contributions.
- Any substantive modification of the Plan or the administration of the Plan that is not consented to by the wrap issuer.
 - Complete or partial termination of the Plan.
- Any change in law, regulation or administrative ruling applicable to the Plan that could have a material adverse effect on the Fund’s cash flow.
 - Merger or consolidation of the Plan with another plan, the transfer of Plan assets to another plan, or the sale, spin-off or merger of a subsidiary or division of the Plan Sponsor.
- Any communication given to participants by the Plan Sponsor or any other Plan fiduciary that is designed to induce or influence participants not to invest in the Fund or to transfer assets out of the Fund.
 - Exclusion of a group of previously eligible employees from eligibility in the Plan.
- Any early retirement program, group termination, group layoff, facility closing, or similar program.
 - Any transfer of assets from the Fund directly to a competing option.

At this time, the occurrence of any of these events is not considered probable by IPCO.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

| Average yields: | December 31, 2007 | December 31, 2006 |
|---|----------------------|----------------------|
| Based on actual earnings | 5.02% | 4.96% |
| Based on interest rate credited to participants | 4.65% | 4.37% |

The weighted average crediting interest rate for the Fund was 4.67% and 4.32% at December 31, 2007 and 2006, respectively.

The value of the Fund reflected in these financial statements is based upon the principal invested and the interest credited. The fair value of the Fund, by investment type, as of December 31, 2007 and 2006 was as follows:

| (in thousands) | December 31, 2007 | December 31, 2006 |
|---------------------------------|----------------------|----------------------|
| Security backed investments: | | |
| Underlying assets at fair value | \$ 588,884 | \$ 601,745 |
| Wrap contracts | (3,102) | 8,231 |
| Total contract value | \$ 585,782 | \$ 609,976 |

8. OTHER RECEIVABLES AND OTHER LIABILITIES

Other receivables in the amount of \$2.8 million and \$2.2 million at both December 31, 2007 and 2006, respectively, represent interest and dividends receivable, as well as receivables from the sale of stock. Other liabilities in the amount of \$3.7 million and \$1.9 million at both December 31, 2007 and 2006, respectively, represent liabilities from the purchase of stock.

9. DIVERSIFICATION FROM ESOP FUND

A participant may direct that all or any portion of his ESOP Fund account be transferred to other funds in the Plan without restrictions. During 2007 and 2006, \$9.9 million and \$13.9 million, respectively, were transferred from the ESOP Fund within the Plan in connection with this program.

10. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination, participant accounts will be distributed to individual participants in accordance with the Plan document and ERISA provisions.

Eastman Investment and Employee Stock Ownership Plan
Notes to Financial Statements

11. FEDERAL INCOME TAX STATUS

The Plan obtained its latest determination letter in May 2003, in which the Internal Revenue Service stated that the Plan is in compliance with the applicable requirements of the Internal Revenue Code. The Plan Administrator believes the Plan qualifies and operates in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

12. PLAN EXPENSES

Reasonable expenses of administering the Plan, unless paid by the Company, shall be paid by the Plan. For both 2007 and 2006, trustee fees associated with the Eastman Stock Fund and the Eastman ESOP Fund were paid with assets of those individual funds. Brokerage fees, transfer taxes, investment fees and other expenses incident to the purchase and sale of securities and investments shall be included in the cost of such securities or investments or deducted from the sales proceeds, as the case may be. Loan administration fees are deducted quarterly from the accounts of participants with outstanding loan balances. Loan origination fees are deducted from the participants account at the inception of the loan. For 2007 and 2006, the Company paid all other expenses of the Plan related to plan oversight and administration, including audit fees.

13. RELATED PARTIES

Certain plan investments are shares of mutual funds managed by Fidelity Management Trust Company, ("FMTC"). FMTC is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions, which are exempt from prohibited transaction rules. The Plan also invests in the common stock of the Plan Sponsor as well as loans to Plan participants, both of which qualify as parties-in-interest to the Plan and are exempt from prohibited transaction rules.

14. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

| (in thousands) | December 31, 2007 |
|---|----------------------|
| Investments at fair value | \$ 1,580,729 |
| Adjustment from fair value to contract value for full benefit-responsive investment contracts | (3,102) |
| Total investments per Form 5500 | \$ 1,577,627 |

Supplemental Schedule

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Eastman Investment and Employee Stock Ownership Plan
Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
December 31, 2007
(in thousands)

| (a) | (b) | (c) | (d) | (e) |
|-----|---|---|-----------------|---------------|
| | Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Historical cost | Current Value |
| * | Eastman Chemical Company | Common stock, Participant directed, 5,425 shares | ** | 75,794 |
| * | Fidelity Management Trust Company | Interest Bearing Cash, Participant directed | ** | 1,985 |
| * | Eastman Chemical Company | Common stock, Non Participant directed, 6,560 shares | 81,215 | 94,110 |
| * | Fidelity Management Trust Company | Interest Bearing Cash, Non Participant directed | 915 | 915 |
| * | Fidelity Fund | Registered Investment Company, 1,252 shares | ** | 49,899 |
| * | Fidelity Puritan Fund | Registered Investment Company, 3,098 shares | ** | 58,959 |
| * | Fidelity Magellan Fund | Registered Investment Company, 935 shares | ** | 87,727 |
| * | Fidelity Contrafund | Registered Investment Company, 2,064 shares | ** | 150,903 |
| * | Fidelity Spartan U.S. Equity Index Portfolio | Registered Investment Company, 764 shares | ** | 39,670 |
| * | Fidelity International Discovery Fund | Registered Investment Company, 1,767 shares | ** | 76,122 |
| * | Fidelity Blue Chip Growth Fund | Registered Investment Company, 344 shares | ** | 15,137 |
| * | Fidelity Freedom Income Fund | Registered Investment Company, 185 shares | ** | 2,118 |
| * | Fidelity Freedom 2000 Fund | Registered Investment Company, 182 shares | ** | 2,246 |
| * | Fidelity Freedom 2010 Fund | Registered Investment Company, 1,212 shares | ** | 17,969 |
| * | Fidelity Freedom 2020 Fund | Registered Investment Company, 1,420 shares | ** | 22,449 |
| * | Fidelity Freedom 2030 Fund | Registered Investment Company, 877 shares | ** | 14,482 |
| * | Fidelity Freedom 2040 Fund | Registered Investment Company, 683 shares | ** | 6,650 |
| * | Fidelity Spartan Extended Market Index Portfolio | Registered Investment Company, 419 shares | ** | 16,073 |
| * | Fidelity Spartan International Index Fund | Registered Investment Company, 429 shares | ** | 20,291 |
| * | Participant Loans | Participant Loan Fund with terms ranging from 6-121 months and | ** | 29,973 |

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| | | | |
|---|---------------------------------------|--|-----------|
| * | | rates ranging from 4% to 10.5% | |
| * | Fidelity Retirement Money Market | Registered Investment Company, 124 shares | ** 124 |
| * | Clipper Fund | Registered Investment Company, 174 shares | ** 14,077 |
| * | PIMCO Total Return | Registered Investment Company, 3,187 shares | ** 34,071 |
| * | Franklin Small Mid Cap Growth Fund | Registered Investment Company, 750 shares | ** 27,122 |
| * | WFA Small Cap Val Z | Registered Investment Company, 1,293 shares | ** 38,036 |
| * | TCW Select Equity I | Registered Investment Company, 103 shares | ** 2,031 |
| * | Neuberger and Berman Genesis Instl Cl | Registered Investment Company, 1,375 shares | ** 64,842 |
| * | Templeton Foreign Fund | Registered Investment Company, 1,208 shares | ** 15,056 |

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Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007
 (in thousands)

| (a) | (b) | (c) | (d) | (e) |
|-----|--|---|-----------------|---------------|
| | Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Historical Cost | Current Value |
| | Fidelity short term cash fund | CASH | ** | 296 |
| | Ace Securities Corp. ACE 03-NC1 M1 | Mortgage backed security 1ML+78 7/33 | ** | 156 |
| | Ace Securities Corp. ACE 02-HE1 M1 | Mortgage backed security 1ML+65 6/32 | ** | 66 |
| | Ace Securities Corp. ACE 03-HS1 M1 | Mortgage backed security 1ML+75 6/33 | ** | 26 |
| | Ace Securities Corp. ACE 03-HS1 M2 | Mortgage backed security 1ML+175 6/33 | ** | 97 |
| | Ace Securities Corp. ACE 03-HE1 M1 | Mortgage backed security 1ML+65 11/33 | ** | 166 |
| | Ace Securities Corp. ACE 04-FM1 M1 | Mortgage backed security 1ML+60 9/33 | ** | 118 |
| | Advanta Business Card Master ABCMT 07-A2 A2 | Mortgage backed security 5% 3/13 | ** | 2,995 |
| | Advanta Business Card Master ABCMT 07-B2 B | Mortgage backed security 5.5% 6/32 | ** | 1,246 |
| | Aesop Funding Ii Llc AESOP 05-1A A1 | Mortgage backed security 3.95% 4/08 | ** | 666 |
| | America Movil Sab De Cv American Express Centurion AMEX CENTURION | Corporate Bond 4.125 3/1/09 | ** | 1,310 |
| | American Express Centurion AMEX CEMTN | Corporate Bond 5.55% 10/17/12 | ** | 576 |
| | American Express Centurion AMEX CEMTN | Corporate Bond 5.2% 11/26/10 | ** | 1,202 |
| | American General Finance | Corporate Bond 4.625% 9/01/10 | ** | 324 |
| | American General Finance | Corporate Bond 4.625 5/15/09 | ** | 186 |
| | American General Finance | Corporate Bond 4.875 5/15/10 | ** | 2,142 |
| | American Honda Finance | Corporate Bond 4.5 5/ 144A | ** | 1,189 |
| | Americredit Automobile Receiva | Mortgage backed security 3.61% 5/11 | ** | 205 |

AMCAR 04-CA A4
Americredit Automobile
Receiva

AMCAR 04-1 C
Americredit Automobile
Receiva

AMCAR 04-DF A4

Mortgage backed security 4.22% 7/09

**

23

Mortgage backed security 3.43 7/11

**

693

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Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
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| | Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Historical Cost | Current Value |
| | Americredit Automobile Receiva AMCAR 06-1 B | Mortgage backed security 5.2 3/11 | ** | 70 |
| | Americredit Automobile Receiva AMCAR 06-BG A3 | Mortgage backed security 5.21 10/11 | ** | 356 |
| | Americredit Automobile Receiva AMCAR 06-BG A4 | Mortgage backed security 5.21 9/13 | ** | 716 |
| | Americredit Automobile Receiva AMCAR 05-CF A4 | Mortgage backed security 4.63 6/12 | ** | 1,404 |
| | Americredit Automobile Receiva AMCAR 2007-CM A3A | Mortgage backed security 5.42% 5/12 | ** | 1,537 |
| | Americredit Automobile Receiva AMCAR 07-DF A3A | Mortgage backed security 5.49% 7/12 | ** | 1,096 |
| | Americredit Prime Automobile Receiva APART 07-1 B | Mortgage backed security 5.35% 03/11 | ** | 262 |
| | Americredit Prime Automobile Receiva APART 07-1C | Mortgage backed security 5.43% 07/11 | ** | 158 |
| | Americredit Prime Automobile Receiva APART 07-2M A3A | Mortgage backed security 5.22% 4/10 | ** | 532 |
| | Ameriquist Mortgage Securities AMSI 04-R2 M1 | Mortgage backed security 1ML+43 4/34 | ** | 118 |
| | Ameriquist Mortgage Securities AMSI 04-R2 M2 | Mortgage backed security 1ML+48 4/34 | ** | 95 |
| | Ameritech Capital Funding Amortizing Residential Collate | Corporate Bond 6.25 5/18/09 | ** | 865 |
| | ARC 02-BC1 M2 Arg Funding Corp | Mortgage backed security 1ML+110 1/3 | ** | 28 |
| | ARGF 05-2A A1 | Mortgage Backed Security 4.54% 5/09 | ** | 1,067 |
| | | | ** | 343 |

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| | | | |
|--|--|----|-------|
| Asset Backed Securities Corp H ABSHE 03-HE6 M1 | Mortgage backed security 1ML+65 11/33 | | |
| Asset Backed Securities Corp H ABSHE 04-HE3 M1 | Mortgage backed security 1ML+54 6/34 | ** | 127 |
| AT&T Inc / Sbc Communications | Corporate Bond 6.25 3/15/11 | ** | 429 |
| AT&T Inc / Sbc Communications | Corporate Bond 4.125 9/15/09 | ** | 614 |
| Augusta Ga Wtr & Swr Rev | Corporate Bond 5.25 10/1/22PRE | ** | 3,237 |
| Axa Financial Inc | Corporate Bond 7.75 8/01/10 | ** | 1,034 |
| Bhp Billiton Finance | Corporate Bond 5.125% 3/29/12 | ** | 1,297 |
| Banc Of America Commercial Mor BACM 05-4 XP | Interest Only Strip CSTR 7/45 | ** | 63 |
| Banc Of America Commercial Mor BACM 07-2 A1 | Interest Only Strip 5.421% 1/12 | ** | 467 |

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 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007
 (in thousands)

| (a) | (b) | (c) | (d) | (e) |
|-----|---|---|-----------------|---------------|
| | Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Historical Cost | Current Value |
| | Banc Of America Commercial Mor BACM 2006-5 XP | Interest Only Strip .832% 9/47 | ** | 278 |
| | Banc Of America Commercial Mor BACM 04-5 XP | Interest Only Strip CSTR 11/41 | ** | 129 |
| | Banc Of America Commercial Mor BACM 05-4 A1 | Mortgage backed security 4.432 7/45 | ** | 524 |
| | Banc Of America Commercial Mor BACM 04-6 XP | Interest Only Strip CSTR 12/42 | ** | 90 |
| | Banc Of America Commercial Mor BACM 05-3 XP | Interest Only Strip CSTR 7/43 | ** | 216 |
| | Banc Of America Commercial Mor BACM 2003-2 A2 | Mortgage backed security 4.342 3/41 | ** | 1,333 |
| | Banc Of America Commercial Mor BACM 06-5 A1 | Mortgage backed security 5.185% 7/11 | ** | 303 |
| | Banc Of America Commercial Mor BACM 05-5 A1 | Mortgage backed security 4.716 8/10 | ** | 831 |
| | Banc Of America Commercial Mor BACM 06-6 XP | Interest Only Strip CSTR 10/45 | ** | 326 |
| | Banc Of America Commercial Mor BACM 05-6 A1 | Mortgage backed security 5.001 9/47 | ** | 515 |
| | Banc Of America Commercial Mor BACM 04-4 A3 | Mortgage backed security 4.128% 7/42 | ** | 682 |
| | Banc Of America Commercial Mor BACM 05-1 A2 | Mortgage backed security 4.64% 11/42 | ** | 908 |
| | Banc Of America Mortgage Secur BOAMS 04-J 2A1 | Mortgage backed security CSTR 11/34 | ** | 340 |
| | Banc Of America Mortgage Secur BOAMS 05-E 2A7 | Mortgage backed security CSTR 6/35 | ** | 652 |
| | Banc Of America Mortgage Secur BOAMS 05-J 2A4 | Mortgage backed security 12ML 11/35 | ** | 2,069 |
| | Bank Of New York Co Inc | Corporate Bond 4.95% 1/14/11 | ** | 644 |
| | Bank Of New York Co Inc | Corporate Bond 4.95% 11/12 | ** | 903 |
| | Bank Of New York Co Inc | Corporate Bond 3.4/3ML+148 3/15/13 | ** | 2,144 |
| | Bank One Corp | Corporate Bond 7.875% 8/01/10 | ** | 1,095 |
| | Bank One Issuance Trust BOIT 04-B2 B2 | Mortgage backed security 4.37% 4/12 | ** | 1,372 |
| | Bayview Commercial Asset Trust BAYC 04-3 M1 | Mortgage backed security 1ML+50 1/35 | ** | 71 |
| | Bayview Commercial Asset Trust BAYC 04-2 A | Mortgage backed security 1ML+43 8/34 | ** | 300 |
| | Bayview Commercial Asset Trust BAYC 04-2 M1 | Mortgage backed security 1ML+58 8/34 | ** | 95 |

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 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007
 (in thousands)

| (a) | (b) | (c) | (d) | (e) |
|---|---|-----------------|---------------|-----|
| Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Historical Cost | Current Value | |
| Bayview Commercial Asset Trust BAYC 04-3 M2 | Mortgage backed security 1ML+100 1/35 | ** | 46 | |
| Bayview Financial Acquisition BAYV 04-C A1 | Mortgage backed security 1ML+42 5/44 | ** | 266 | |
| Bbva Bancomer Sa | Corporate Bond 5.3795 7/21/15 144A | ** | 522 | |
| Bear Stearns Adjustable Rate M BSARM 05-6 1A1 | Mortgage backed security CSTR 8/35 | ** | 956 | |
| Bear Stearns Asset Backed Secu BSABS 04-BO1 M4 | Mortgage backed security 1ML+120 9/34 | ** | 121 | |
| Bear Stearns Asset Backed Secu BSABS 04-BO1 M3 | Mortgage backed security 1ML+105 9/34 | ** | 221 | |
| Bear Stearns Commercial Mortga BSCMS 04-ESA A3 | Mortgage backed security 4.741 5/16 | ** | 1,140 | |
| Bear Stearns Commercial Mortga BSCMS 04-ESA D | Mortgage backed security 4.986 5/16 | ** | 142 | |
| Bear Stearns Commercial Mortga BSCMS 2007-PW15 X2 | Interest Only Strip CSTR 2/44 | ** | 543 | |
| Bear Stearns Commercial Mortga BSCMS 07-T26 X2 | Interest Only Strip CSTR 1/12/45 | ** | 220 | |
| Bear Stearns Commercial Mortga BSCMS 2006-T24 X2 | Interest Only Strip CSTR 10/41 | ** | 183 | |
| Bear Stearns Commercial Mortga BSCMS 04-ESA C | Mortgage backed security 4.937 5/16 | ** | 396 | |
| Bear Stearns Commercial Mortga BSCMS 04-ESA F | Mortgage backed security 5.182 5/16 | ** | 107 | |
| Bear Stearns Commercial Mortga BSCMS 04-PWR5 A2 | Mortgage backed security 4.254 7/42 | ** | 644 | |
| Bear Stearns Commercial Mortga BSCMS 04-T16 A3 | Mortgage backed security 4.03 2/46 | ** | 1,550 | |
| Bear Stearns Commercial Mortga BSCMS 07-T26 A1 | Mortgage backed security CSTR 1/45 | ** | 870 | |
| Bear Stearns Commercial Mortga BSCMS 07-PW16 A1 | Mortgage backed security 5.593% 6/40 | ** | 949 | |
| Bear Stearns Commercial Mortga SCMS 07-PW15 A1 | Mortgage backed security 5.016% 2/44 | ** | 56 | |
| Bear Stearns Commercial Mortga BSCMS 06-PW13 X2 | Interest Only Strip CSTR 9/41 | ** | 183 | |
| Bear Stearns Commercial Mortga BSCMS 03-T12 X2 | Interest Only Strip CSTR 8/39 | ** | 35 | |
| Bear Stearns Commercial Mortga BSCMS 04-PWR5 X2 | Interest Only Strip CSTR 7/42 | ** | 127 | |
| Bear Stearns Commercial Mortga | Mortgage backed security 4.498 9/42 | ** | 839 | |

BSCMS 05-PWR9 A1

Bear Stearns Commercial Mortga

BSCMS 06-PW13 A1

Mortgage backed security 5.294 09/41

**

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 (in thousands)

| (a) | (b) | (c) | (d) | (e) |
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| Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Historical Cost | Current Value | |
| Bear Stearns Commercial Mortga BSCMS 04-ESA B | Mortgage backed security 4.888 5/16 | ** | 350 | |
| Bear Stearns Commercial Mortga BSCMS 05-T20 A1 | Mortgage backed security 4.94 10/42 | ** | 863 | |
| Bear Stearns Commercial Mortga BSCMS 04-ESA E | Mortgage backed security 5.064 5/16 | ** | 448 | |
| Bear Stearns Commercial Mortga BSCMS 04-PWR6 X2 | Interest Only Strip CSTR 11/41 | ** | 82 | |
| Bear Stearns Co Inc | Corporate Bond 4.245% 1/7/10 | ** | 875 | |
| Bear Stearns Co Inc | Corporate Bond 5.85% 7/19/10 | ** | 2,402 | |
| Bear Stearns Co Inc | Corporate Bond 6.95% 8/10/12 | ** | 1,409 | |
| Bellsouth Corp | Corporate Bond 4.2 9/15/09 DT | ** | 871 | |
| Bk Tokyo-Mitsubishi Ufj | Corporate Bond 8.4 4/15/10 | ** | 1,166 | |
| Brazos Higher Education Author BRHEA 06-A A2R | Mortgage backed security 5.03 12/41 | ** | 1,575 | |
| British Telecom Plc | Corporate Bond 12/10 DT | ** | 1,343 | |
| Btm (Curacao) Hldg Nv | Corporate Bond 4.76 7/21/15 144A | ** | 422 | |
| Capital Auto Receivables Asset CARAT 2006-SN1A C | Mortgage backed security 5.77 5/10 | ** | 95 | |
| Capital Auto Receivables Asset CARAT 07-1 B | Mortgage backed security 5.15% 9/12 | ** | 471 | |
| Capital Auto Receivables Asset CARAT 2006-SN1A B | Mortgage backed security 5.5 4/10 | ** | 101 | |
| Capital Auto Receivables Asset CARAT 07-SN1 B | Mortgage backed security 5.52% 3/15/11 | ** | 234 | |
| Capital Auto Receivables Asset CARAT 2006-SN1A A4A | Mortgage backed security 5.32 3/10 | ** | 1,083 | |
| Capital Auto Receivables Asset CARAT 06-1 B | Mortgage backed security 5.26 10/10 | ** | 233 | |
| Capital Auto Receivables Asset CARAT 07-SN1 C | Mortgage backed security 5.73% 3/15/11 | ** | 136 | |
| Capital One Auto Finance Trust COAFT 05-BSS C | Mortgage backed security 4.48 12/10 | ** | 966 | |
| Capital One Auto Finance Trust COAFT 05-C A4A | Mortgage backed security 4.71 6/12 | ** | 2,929 | |
| Capital One Multi-Asset Execut COMET 2003-B3 B3 | Mortgage backed security 4.5 6/11 | ** | 1,866 | |
| Capital One Multi-Asset Execut COMET 2006-A6 A6 | Mortgage backed security 5.3 2/14 | ** | 774 | |
| Capital One Multi-Asset Execut COMET 07-B3 B3 | Mortgage backed security 5.05% 3/13 | ** | 3,045 | |

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| (a) | (b) | (c) | (d) | (e) |
|---|---|-----------------|---------------|-----|
| Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Historical Cost | Current Value | |
| Capital One Multi-Asset Execut COMET 07-B5 B5 | Mortgage backed security 5.4% 5/13 | ** | 1,475 | |
| Capital One Multi-Asset Execut COMET 04-B6 B6 | Mortgage backed security 4.155 7/12 | ** | 1,144 | |
| Capital One Prime Auto Receiva COPAR 2007-1 B1 | Mortgage backed security 5.76% 12/13 | ** | 458 | |
| Capital One Prime Auto Receiva COPAR 06-2 A4 | Mortgage backed security 4.94% 7/12 | ** | 787 | |
| Capital Trust Re Cdo Ltd CTCDO 04-1A C | Mortgage backed security 1ML+110 7/39 | ** | 123 | |
| Capital Trust Re Cdo Ltd CTCDO 04-1A A2 | Mortgage backed security 1ML+45 7/39 | ** | 241 | |
| Capital Trust Re Cdo Ltd CTCDO 04-1A B | Mortgage backed security 1ML+75 7/39 | ** | 120 | |
| Cargill Inc | Corporate Bond 6.375% 6/12 144A | ** | 2,259 | |
| Cdc Financial Products | Synthetic GIC - Global Wrap - 4.85% | ** | (775) | |
| Cdc Mortgage Capital Trust CDCMC 03-HE3 M1 | Mortgage backed security 1ML+70 11/33 | ** | 154 | |
| Cendant Timeshare Receivables CDTIM 05-1A A1 | Mortgage backed security 4.67 5/17 | ** | 185 | |
| Chase Issuance Trust CHAIT 07-A15 A | Mortgage backed security 4.96% 9/12 | ** | 2,801 | |
| Chase Issuance Trust CHAIT 05-B2 B2 | Mortgage backed security 4.52 12/10 | ** | 6,350 | |
| Chase Mortgage Finance Corporation CHASE 07-A2 3A1 | Mortgage backed security CSTR 7/37 | ** | 1,581 | |
| Cit Equipment Collateral CITEC 05-VT1 A4 | Mortgage backed security 4.36 11/12 | ** | 202 | |
| Citibank Credit Card Issuance CCCIT 05-B1 B1 | Mortgage backed security 4.4 9/10 | ** | 3,508 | |
| Citibank Credit Card Issuance CCCIT 07-B2 B2 | Mortgage backed security 5% 4/12 | ** | 1,989 | |
| Citibank Credit Card Issuance CCCIT 07-A5 A5 | Mortgage backed security 5.5% 6/12 | ** | 3,499 | |
| Citibank Credit Card Issuance CCCIT 07-B6 B6 | Mortgage backed security 5% 11/12 | ** | 1,425 | |
| Citibank Credit Card Issuance CCCIT 06-B2 B2 | Mortgage backed security 5.15% 3/11 | ** | 1,369 | |
| Citigroup Commercial Mortgage CGCMT 05-EMG A2 | Mortgage backed security 4.2211 9/51 | ** | 480 | |
| Citigroup Commercial Mortgage CGCMT 04-C2 XP | Interest Only Strip CSTR 10/41 | ** | 127 | |
| Citigroup Commercial Mortgage | Mortgage backed security CSTR 12/49 | ** | 356 | |

CGCMT 2007-C6 A1

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| Citigroup/Deutsche Bank Commer CD 2007-CD4 A1 | Mortgage backed security 4.977% 12/49 | ** | 659 | |
| Citigroup/Deutsche Bank Commer CD 06-CD3 XP | Interest Only Strip CSTR 10/48 | ** | 646 | |
| Cnh Equipment Trust CNH 05-B B | Mortgage backed security 4.57 7/12 | ** | 383 | |
| Commercial Mortgage Asset Trus CMAT 99-C1 A3 | Mortgage backed security 6.64 1/32 | ** | 326 | |
| Commercial Mortgage Pass-Thru COMM 06-C8 A1 | Mortgage backed security 5.11% 12/46 | ** | 656 | |
| Commercial Mortgage Pass-Thru COMM 06-CN2A D | Mortgage backed security 5.52861 2/19 | ** | 191 | |
| Commercial Mortgage Pass-Thru COMM 06-CN2A E | Mortgage backed security CSTR 2/19 | ** | 360 | |
| Commercial Mortgage Pass-Thru COMM 06-CN2A CFX | Mortgage backed security 5.47945 2/19 | ** | 117 | |
| Commercial Mortgage Pass-Thru COMM 06-CN2A F | Mortgage backed security CSTR 2/19 | ** | 82 | |
| Commercial Mortgage Pass-Thru COMM 04-LB4A XP | Interest Only Strip CSTR 10/37 | ** | 216 | |
| Commercial Mortgage Pass-Thru COMM 05-LP5 A2 | Mortgage backed security 4.63 5/43 | ** | 1,310 | |
| Commercial Mortgage Pass-Thru COMM 05-LP5 XP | Interest Only Strip CSTR 5/43 | ** | 87 | |
| Commercial Mortgage Pass-Thru COMM 06-C8 XP | Interest Only Strip CSTR 12/46 | ** | 825 | |
| Commercial Mortgage Pass-Thru COMM 06-CN2A BFX | Mortgage backed security 5.537 2/19 | ** | 275 | |
| Commercial Mortgage Pass-Thru COMM 05-C6 XP | Interest Only Strip CSTR 6/44 | ** | 99 | |
| Constellation Energy Grp | Corporate Bond 6.125 9/01/09 | ** | 562 | |
| Continental Airlines Inc CONTL AIR 98-3A2 | Mortgage backed security 6.32 11/1/08 | ** | 191 | |
| Continental Airlines Inc CONTL AIR 991A | Mortgage backed security 6.545 2/02/19 | ** | 900 | |
| Countrywide Asset-Backed Certi CWL 04-3 M1 | Mortgage backed security 1ML+50 6/34 | ** | 133 | |
| Countrywide Asset-Backed Certi CWL 04-4 A | Mortgage backed security 1ML+37.5 8/34 | ** | 28 | |
| Countrywide Home Loans CWHL 05-HYB3 2A6B | Mortgage backed security CSTR 6/35 | ** | 362 | |
| Countrywide Home Loans CWHL 02-25 2A1 | Mortgage backed security 5.5 11/17 | ** | 198 | |

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| | | | |
|--------------------------|-----------------------------------|----|-------|
| Covidien International F | Corporate Bond 5.45 10/15/12 144A | ** | 406 |
| Covidien International F | Corporate Bond 5.15% 10/10 144A | ** | 1,673 |

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Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

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| Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Historical Cost | Current Value | |
| Cps Auto Trust CPS 06-C A3 | Mortgage backed security 5.14% 1/11 | ** | 336 | |
| Cps Auto Trust CPS 07-B A3 | Mortgage backed security 5.47% 11/11 | ** | 562 | |
| Cps Auto Trust CPS 2007-C A3 | Mortgage backed security 5.45% 5/12 144A | ** | 396 | |
| Credit Suisse Mortgage Capital CSMC 06-C4 ASP | Interest Only Strip CSTR 9/39 | ** | 1,237 | |
| Credit Suisse Mortgage Capital CSMC 07-C3 A1 | Mortgage backed security CSTR 6/39 | ** | 277 | |
| Credit Suisse Mortgage Capital CSMC 07-C1 A1 | Mortgage backed security 5.227 2/40 | ** | 296 | |
| Credit Suisse Mortgage Capital CSMC 07-C1 ASP | Interest Only Strip CSTR 2/40 | ** | 809 | |
| Credit Suisse Mortgage Capital CSMC 07-C2 A1 | Mortgage backed security 5.237 1/49 | ** | 240 | |
| Credit Suisse Mortgage Capital CSMC 06-C5 ASP | Interest Only Strip CSTR 12/39 | ** | 719 | |
| Crown Castle Towers Llc CCI 05-1A B | Mortgage backed security 4.878% 6/35 | ** | 524 | |
| Crown Castle Towers Llc CCI 05-1A C | Mortgage backed security 5.074% 6/35 | ** | 472 | |
| Cs First Boston Mortgage Secur CSFB 04-C4 ASP | Interest Only Strip CSTR 10/39 | ** | 121 | |
| Cs First Boston Mortgage Secur CSFB 05-C1 ASP | Interest Only Strip CSTR 2/38 | ** | 103 | |
| Cs First Boston Mortgage Secur CSFB 03-C4 A3 | Mortgage backed security CSTR 8/36 | ** | 572 | |
| Cs First Boston Mortgage Secur CSFB 03-C5 A3 | Mortgage backed security 4.429 12/36 | ** | 974 | |
| Cs First Boston Mortgage Secur CSFB 04-C1 A3 | Mortgage backed security 4.321 1/37 | ** | 523 | |
| Cs First Boston Mortgage Secur CSFB 05-C4 ASP | Interest Only Strip CSTR 8/38 | ** | 261 | |
| Cs First Boston Mortgage Secur CSFB 05-C2 ASP | Interest Only Strip CSTR 4/37 | ** | 144 | |
| Cwcapital Cobalt CWCI 07-C2 A1 | Mortgage backed security CSTR 9/11 | ** | 370 | |
| Daimler Chrysler Na Hldg | Corporate Bond 5.75 8/10/09 | ** | 3,018 | |
| Daimler Chrysler Auto Trust DCAT 2006-C A4 | Mortgage backed security 4.98% 11/11 | ** | 1,022 | |
| Daimler Chrysler Auto Trust DCAT 2006-C B | Mortgage backed security 5.11% 4/13 | ** | 840 | |

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| | | | |
|-------------------------|------------------------------------|----|-------|
| Dbs Back Ltd/Singapore | Corporate Bond 5.125/VAR 5/17 144A | ** | 1,673 |
| Deutsche Bank Ag London | Corporate Bond 5% 10/12/10 | ** | 4,640 |

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Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
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| Deutsche Telekom Int Fin | Corporate Bond 5.375 3/23/11 | ** | 276 | |
| Diageo Capital Plc | Corporate Bond 5.2 1/30/13 | ** | 644 | |
| Diversified Reit Trust DRT 00-1A A2 | Mortgage backed security 6.971% 3/10 | ** | 289 | |
| Dlj Commercial Mortgage Corp DLJCM 00-CF1 A1B | Mortgage backed security 7.62 6/33 | ** | 874 | |
| Dlj Commercial Mortgage Corp DLJCM 1999-CG1 A3 | Mortgage backed security 6.77 3/32 | ** | 1,385 | |
| Donnelley (R.R.) & Sons | Corporate Bond 3.75% 4/1/09 | ** | 1,909 | |
| Drive Auto Receivables Trust DRIVE 06-2 A-2 | Mortgage backed security 5.3% 7/11 | ** | 828 | |
| Drive Auto Receivables Trust DRIVE 06-2 A-3 | Mortgage backed security 5.33% 4/14 | ** | 1,134 | |
| Drivetime Auto Owner Trust DRVT 2006-A A3 | Mortgage backed security 5.501 11/11 | ** | 788 | |
| Drivetime Auto Owner Trust DRVT 2006-B A2 | Mortgage backed security 5.32% 3/10 | ** | 651 | |
| Drivetime Auto Owner Trust DRVT 2006-B A3 | Mortgage backed security 5.23% 8/12 | ** | 779 | |
| Dt Auto Owner Trust STAOT 07-A A3 XCLA | Mortgage backed security 5.60% 3/13 | ** | 1,047 | |
| E.I. Du Pont De Nemours | Corporate Bond 5% 1/15/13 | ** | 283 | |
| Edp Finance Bv | Corporate Bond 5.375 11/12 144A | ** | 1,161 | |
| Erp Operating Lp | Corporate Bond 5.5% 10/1/12 | ** | 332 | |
| Enel Finance International | Corporate Bond 5.7% 1/15/13 144A | ** | 1,547 | |
| Exelon Generation Co Llc | Corporate Bond 6.95 6/15 | ** | 1,324 | |
| Fannie Mae | FNMA 7.00 6/08 #050751 | ** | 43 | |
| Fannie Mae | FNMA 7.00 1/13 #251428 | ** | 6 | |
| Fannie Mae | FNMA 7.00 8/08 #252068 | ** | 7 | |
| Fannie Mae | FNMA ARM 5.04% 7/35 #834931 | ** | 780 | |
| Fannie Mae | FNMA ARM 4.99% 11/35 #745064 | ** | 3,823 | |
| Fannie Mae | FNMA ARM 4.25 2/35 255658 | ** | 78 | |
| Fannie Mae | FNMA 6.50 11/13 #323755 | ** | 251 | |
| Fannie Mae | FNMA 7.00 8/14 #323877 | ** | 46 | |
| Fannie Mae | FNMA 6.00 3/14 #487614 | ** | 35 | |

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| Fannie Mae | FNMA 6.50 9/14 #514373 | ** | 2 | |
| Fannie Mae | FNMA 7.00 11/14 #522277 | ** | 25 | |
| Fannie Mae | FNMA 6.50 10/13 #535234 | ** | 452 | |
| Fannie Mae | FNMA 7.00 6/16 #545122 | ** | 17 | |
| Fannie Mae | FNMA ARM 4.305 8/3 555696 | ** | 118 | |
| Fannie Mae | FNMA ARM 4.38% 7/33 #555702 | ** | 351 | |
| Fannie Mae | FNMA 7.00 2/16 #569915 | ** | 48 | |
| Fannie Mae | FNMA 6.00 10/16 #589129 | ** | 37 | |
| Fannie Mae | FNMA 7.00 8/16 #599602 | ** | 80 | |
| Fannie Mae | FNMA 7.00 4/17 #636135 | ** | 176 | |
| Fannie Mae | FNMA 6.50 4/17 #637244 | ** | 153 | |
| Fannie Mae | FNMA 6.00 11/17 #671380 | ** | 172 | |
| Fannie Mae | FNMA 6.00 11/17 #672789 | ** | 48 | |
| Fannie Mae | FNMA 6.00 12/17 #673965 | ** | 48 | |
| Fannie Mae | FNMA 6.00 2/18 #684153 | ** | 15 | |
| Fannie Mae | FNMA ARM 3.828 4/3 688969 | ** | 180 | |
| Fannie Mae | FNMA 7.00 2/18 #693327 | ** | 210 | |
| Fannie Mae | FNMA ARM 4.318 3/3 694530 | ** | 31 | |
| Fannie Mae | FNMA ARM 4.801 2/3 695019 | ** | 91 | |
| Fannie Mae | FNMA ARM 4.292 3/3 701296 | ** | 58 | |
| Fannie Mae | FNMA ARM 3.984 5/3 703915 | ** | 17 | |
| Fannie Mae | FNMA ARM 4.079 4/3 708221 | ** | 14 | |
| Fannie Mae | FNMA ARM 4.57% 6/33 712321 | ** | 123 | |
| Fannie Mae | FNMA ARM 4.351 6/3 720921 | ** | 31 | |
| Fannie Mae | FNMA ARM 3.878 6/3 723633 | ** | 252 | |
| Fannie Mae | FNMA ARM 3.836 6/3 723760 | ** | 51 | |

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| Fannie Mae | FNMA ARM 5.12 1/34 725109 | ** | 36 | |
| Fannie Mae | FNMA ARM 4.862 9/3 725855 | ** | 98 | |
| Fannie Mae | FNMA ARM 4.832 8/3 725858 | ** | 48 | |
| Fannie Mae | FNMA ARM 4.30% 11/34 725966 | ** | 437 | |
| Fannie Mae | FNMA ARM 4.409 10/ 725968 | ** | 345 | |
| Fannie Mae | FNMA 4.00 8/18 #727438 | ** | 1,153 | |
| Fannie Mae | FNMA ARM 5.229 8/3 735030 | ** | 83 | |
| Fannie Mae | FNMA ARM 4.115 2/3 735343 | ** | 30 | |
| Fannie Mae | FNMA ARM 4.493 8/3 735360 | ** | 188 | |
| Fannie Mae | FNMA ARM 4.62 2/35 735433 | ** | 255 | |
| Fannie Mae | FNMA ARM 4.53 3/35 735448 | ** | 236 | |
| Fannie Mae | FNMA ARM 4.319 5/3 735538 | ** | 64 | |
| Fannie Mae | FNMA ARM 4.66 7/35 #735942 | ** | 322 | |
| Fannie Mae | FNMA ARM 4.78% 10/35 745030 | ** | 313 | |
| Fannie Mae | FNMA ARM 4.898 10/ 745060 | ** | 160 | |
| Fannie Mae | FNMA ARM 5.01 11/35 745124 | ** | 292 | |
| Fannie Mae | FNMA ARM 3.941 6/3 745335 | ** | 429 | |
| Fannie Mae | FNMA ARM 5.33 2/36 745391 | ** | 238 | |
| Fannie Mae | FNMA ARM 5.45 5/36 745676 | ** | 385 | |
| Fannie Mae | FNMA ARM 5.541 11/ 745972 | ** | 474 | |
| Fannie Mae | FNMA ARM 3.753 10/ 746320 | ** | 60 | |
| Fannie Mae | FNMA ARM 4.155 7/3 747270 | ** | 280 | |
| Fannie Mae | FNMA ARM 4.055 10/ 749296 | ** | 44 | |
| Fannie Mae | FNMA ARM 4.358 10/ 754672 | ** | 27 | |
| Fannie Mae | FNMA ARM 3.752 10/ 755148 | ** | 59 | |
| Fannie Mae | FNMA ARM 4.294 1/3 759264 | ** | 68 | |

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| Fannie Mae | FNMA ARM 3.750 1/3 761058 | ** | 61 | |
| Fannie Mae | FNMA ARM 4.250 1/3 765659 | ** | 91 | |
| Fannie Mae | FNMA ARM 4.25 2/34 765660 | ** | 71 | |
| Fannie Mae | FNMA ARM 4.30 1/34 766886 | ** | 421 | |
| Fannie Mae | FNMA ARM 4.368 2/3 769940 | ** | 138 | |
| Fannie Mae | FNMA ARM 4.321 2/35 773246 | ** | 421 | |
| Fannie Mae | FNMA ARM 4.38 3/35 773264 | ** | 223 | |
| Fannie Mae | FNMA ARM 4.455 3/3 773281 | ** | 108 | |
| Fannie Mae | FNMA ARM 3.791 6/3 783545 | ** | 337 | |
| Fannie Mae | FNMA ARM 4.351 1/3 783580 | ** | 87 | |
| Fannie Mae | FNMA ARM 4.499 3/3 783587 | ** | 242 | |
| Fannie Mae | FNMA ARM 4.4 2/35 #783588 | ** | 116 | |
| Fannie Mae | FNMA ARM 4.876 7/3 785318 | ** | 278 | |
| Fannie Mae | FNMA ARM 5.019 9/3 790458 | ** | 86 | |
| Fannie Mae | FNMA ARM 5.106 9/3 790762 | ** | 71 | |
| Fannie Mae | FNMA ARM 4.748 7/3 793028 | ** | 188 | |
| Fannie Mae | FNMA ARM 4.82 8/34 793420 | ** | 294 | |
| Fannie Mae | FNMA ARM 4.96 8/34 796987 | ** | 561 | |
| Fannie Mae | FNMA ARM 4.96 8/34 796988 | ** | 198 | |
| Fannie Mae | FNMA ARM 4.202 1/3 797418 | ** | 146 | |
| Fannie Mae | FNMA ARM 4.67 11/3 799727 | ** | 193 | |
| Fannie Mae | FNMA ARM 4.85 11/3 799812 | ** | 166 | |
| Fannie Mae | FNMA ARM 4.825 12/ 800297 | ** | 149 | |
| Fannie Mae | FNMA ARM 4.845 12/ 800335 | ** | 55 | |
| Fannie Mae | FNMA ARM 5.00 9/34 801341 | ** | 825 | |
| Fannie Mae | FNMA ARM 5.05 7/34 801635 | ** | 31 | |

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| Fannie Mae | FNMA ARM 4.118 1/3 807221 | ** | 98 | |
| Fannie Mae | FNMA ARM 4.79 1/35 809271 | ** | 271 | |
| Fannie Mae | FNMA ARM 4.5 2/35 #809429 | ** | 650 | |
| Fannie Mae | FNMA ARM 4.38 2/35 809593 | ** | 461 | |
| Fannie Mae | FNMA ARM 4.80 3/35 809925 | ** | 254 | |
| Fannie Mae | FNMA ARM 4.625 2/3 809931 | ** | 189 | |
| Fannie Mae | FNMA ARM 4.80 3/35 810061 | ** | 209 | |
| Fannie Mae | FNMA ARM 4.872 1/3 810896 | ** | 1,173 | |
| Fannie Mae | FNMA ARM 4.57 2/35 811803 | ** | 56 | |
| Fannie Mae | FNMA ARM 4.694 11/ 813184 | ** | 233 | |
| Fannie Mae | FNMA ARM 5.01 4/35 814954 | ** | 141 | |
| Fannie Mae | FNMA ARM 4.76 1/35 815321 | ** | 383 | |
| Fannie Mae | FNMA ARM 4.790 1/3 815323 | ** | 238 | |
| Fannie Mae | FNMA ARM 4.293 3/3 815586 | ** | 53 | |
| Fannie Mae | FNMA ARM 4.75 5/35 815626 | ** | 130 | |
| Fannie Mae | FNMA ARM 4.653 3/3 816322 | ** | 18 | |
| Fannie Mae | FNMA ARM 4.639 2/3 816599 | ** | 26 | |
| Fannie Mae | FNMA ARM 4.934 3/3 819648 | ** | 128 | |
| Fannie Mae | FNMA ARM 4.928 2/3 820356 | ** | 607 | |
| Fannie Mae | FNMA ARM 4.372 4/3 820407 | ** | 33 | |
| Fannie Mae | FNMA ARM 4.5 5/35 #820996 | ** | 50 | |
| Fannie Mae | FNMA ARM 4.575 7/3 822002 | ** | 152 | |
| Fannie Mae | FNMA ARM 5.12 6/35 823810 | ** | 131 | |
| Fannie Mae | FNMA ARM 4.796 8/35 825485 | ** | 183 | |
| Fannie Mae | FNMA ARM 4.302 1/3 827592 | ** | 74 | |
| Fannie Mae | FNMA ARM 5.8170 5/ 827781 | ** | 360 | |

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| Fannie Mae | FNMA ARM 5.10 5/35 827782 | ** | 181 | |
| Fannie Mae | FNMA ARM 5.208 5/3 827783 | ** | 1,521 | |
| Fannie Mae | FNMA ARM 5.180 5/3 827785 | ** | 209 | |
| Fannie Mae | FNMA ARM 4.520 8/3 829603 | ** | 143 | |
| Fannie Mae | FNMA ARM 4.409 5/3 829985 | ** | 177 | |
| Fannie Mae | FNMA ARM 5.203 6/3 830605 | ** | 259 | |
| Fannie Mae | FNMA ARM 4.555 7/3 832099 | ** | 211 | |
| Fannie Mae | FNMA ARM 5.344 7/3 834917 | ** | 33 | |
| Fannie Mae | FNMA ARM 5.101 7/3 841837 | ** | 300 | |
| Fannie Mae | FNMA ARM 5.349 12/ 843013 | ** | 80 | |
| Fannie Mae | FNMA ARM 5.280 3/3 843014 | ** | 23 | |
| Fannie Mae | FNMA ARM 5.16 9/35 843021 | ** | 1,104 | |
| Fannie Mae | FNMA ARM 5.43 11/3 844168 | ** | 99 | |
| Fannie Mae | FNMA ARM 4.893 10/ 847787 | ** | 137 | |
| Fannie Mae | FNMA ARM 5.32 1/36 850852 | ** | 566 | |
| Fannie Mae | FNMA ARM 5.409 2/3 865319 | ** | 82 | |
| Fannie Mae | FNMA ARM 5.98 4/36 868793 | ** | 414 | |
| Fannie Mae | FNMA ARM 5.839 1/3 879146 | ** | 450 | |
| Fannie Mae | FNMA ARM 5.40 11/35 879153 | ** | 312 | |
| Fannie Mae | FNMA ARM 5.80 3/36 881670 | ** | 192 | |
| Fannie Mae | FNMA ARM 6.25 6/36 886983 | ** | 61 | |
| Fannie Mae | FNMA ARM 4.56 5/35 888115 | ** | 1,069 | |
| Fannie Mae | FNMA ARM 4.86 7/35 888382 | ** | 729 | |
| Fannie Mae | FNMA ARM 5.07 9/36 888398 | ** | 1,478 | |
| Fannie Mae | FNMA ARM 5.57 5/36 891228 | ** | 942 | |
| Fannie Mae | FNMA ARM 6.21 4/36 891332 | ** | 277 | |

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| Fannie Mae | FNMA ARM 6.07 9/36 893611 | ** | 305 | |
| Fannie Mae | FNMA ARM 6.08 4/36 895834 | ** | 129 | |
| Fannie Mae | FNMA ARM 5.50 5/36 896475 | ** | 353 | |
| Fannie Mae | FNMA ARM 6.60 9/36 898177 | ** | 593 | |
| Fannie Mae | FNMA ARM 6.62 9/36 898178 | ** | 514 | |
| Fannie Mae | FNMA ARM 6.65 9/36 898179 | ** | 566 | |
| Fannie Mae | FNMA ARM 6.62 9/36 898180 | ** | 532 | |
| Fannie Mae | FNMA ARM 5.26 11/3 901494 | ** | 238 | |
| Fannie Mae | Bond FNMA 6% 5/15/11 | ** | 6,377 | |
| Fannie Mae | Bond FNMA 6.125% 3/15/12 | ** | 39,761 | |
| Fannie Mae | Bond 4.75% 11/19/12 | ** | 23,605 | |
| Fidelity | FIDELITY INSTL CSH M CL A | ** | 14,709 | |
| First Investors Auto Owner Tru | | | | |
| FIAOT 06A A3 | Mortgage backed security 4.93 2/15/11 | ** | 337 | |
| Fleet Financial Group | Corporate Bond 7.375 12/01/09 | ** | 907 | |
| Ford Credit Auto Owner Trust | | | | |
| FORDO 07-A A4A | Mortgage backed security 5.47 6/12 | ** | 812 | |
| Ford Credit Auto Owner Trust | | | | |
| FORDO 06-C A4A | Mortgage backed security 5.15% 2/12 | ** | 1,509 | |
| Ford Credit Auto Owner Trust | | | | |
| FORDO 2005-A B | Mortgage backed security 3.88 1/10 | ** | 293 | |
| Ford Credit Auto Owner Trust | | | | |
| FORDO 2006-C B | Mortgage backed security 5.3% 6/12 | ** | 360 | |
| Ford Credit Auto Owner Trust | | | | |
| FORDO 07-A B | Mortgage backed security 5.6 10/12 | ** | 210 | |
| Ford Credit Auto Owner Trust | | | | |
| FORDO 2006-B B | Mortgage backed security 5.43% 2/12 | ** | 785 | |
| Franklin Auto Trust | | | | |
| FRNK 07-1 B | Corporate Bond 5.13 2/15 | ** | 498 | |
| Franklin Auto Trust | | | | |
| FRNK 06-1 A4 | Mortgage backed security 5.03% 7/14 | ** | 2,099 | |
| Franklin Auto Trust | | | | |
| FRNK 06-1 B1 | Mortgage backed security 5.14% 7/14 | ** | 135 | |
| Freddie Mac | FHLG 5.00 5/14 #E76434 | ** | 20 | |
| Freddie Mac | FHLG 5.00 6/14 #E77224 | ** | 68 | |

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| Freddie Mac | FHLM ARM 4.889 3/3 847126 | ** | 28 | |
| Freddie Mac | FHLM ARM 4.314 12/ 1B2670 | ** | 86 | |
| Freddie Mac | FHLM ARM 4.22 2/35 1B2747 | ** | 567 | |
| Freddie Mac | FHLM ARM 4.63 3/35 1B2811 | ** | 386 | |
| Freddie Mac | FHLM ARM 4.497 6/3 1B2907 | ** | 105 | |
| Freddie Mac | FHLM ARM 4.68% 1/36 #847584 | ** | 155 | |
| Freddie Mac | FHLM ARM 5.084% 8/35 #1J0005 | ** | 128 | |
| Freddie Mac | FHLM ARM 4.401 2/35 1G0103 | ** | 281 | |
| Freddie Mac | FHLM ARM 4.37 3/35 1G0125 | ** | 150 | |
| Freddie Mac | FHLM ARM 4.444 3/3 1G0133 | ** | 109 | |
| Freddie Mac | FHLM ARM 4.504 3/3 1G0145 | ** | 104 | |
| Freddie Mac | FHLM ARM 4.941 11/ 1J1228 | ** | 382 | |
| Freddie Mac | FHLM ARM 5.26 1/36 1J1274 | ** | 343 | |
| Freddie Mac | FHLM ARM 4.93 9/35 1K1215 | ** | 373 | |
| Freddie Mac | FHLM ARM 5.78% 10/35 #1N0063 | ** | 108 | |
| Freddie Mac | FHLM ARM 5.62% 12/35 #1N0117 | ** | 518 | |
| Freddie Mac | FHLM ARM 5.88% 4/36 #1J1279 | ** | 627 | |
| Freddie Mac | FHLM ARM 6.17 2/36 #1N0126 | ** | 906 | |
| Freddie Mac | FHLM ARM 5.775# 1/37 #1N1446 | ** | 499 | |
| Freddie Mac | FHLM ARM 5.34 6/35 1L0097 | ** | 239 | |
| Freddie Mac | FHLM ARM 4.40 8/35 1L1225 | ** | 1,567 | |
| Freddie Mac | FHLM ARM 5.885 6/3 1L1275 | ** | 172 | |
| Freddie Mac | FHLM ARM 5.15% 8/36 #1B7241 | ** | 271 | |
| Freddie Mac | FHLM ARM 5.85% 1/36 #1G1803 | ** | 832 | |
| Freddie Mac | FHLM ARM 4.441 2/3 781229 | ** | 81 | |
| Freddie Mac | FHLM ARM 6.07% 6/36 #1G2424 | ** | 235 | |
| Freddie Mac | FHLM ARM 4.30% 11/34 #782877 | ** | 336 | |

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| Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Historical Cost | Current Value | |
| Freddie Mac | FHLM ARM 4.60% 2/35 #783028 | ** | 319 | |
| Freddie Mac | FHLM ARM 4.232 1/3 782988 | ** | 197 | |
| Freddie Mac | FHLM ARM 4.434 2/3 783032 | ** | 157 | |
| Freddie Mac | FHLM ARM 4.307 3/3 783067 | ** | 82 | |
| Freddie Mac | Bond FHLMC 4.75% 3/5/12 | ** | 12,574 | |
| Freddie Mac | Bond FHLMC 4.125% 12/21/12 | ** | 20,087 | |
| Fremont Home Loan Trust FHLT 04-1 M3 | Mortgage backed security 1ML+55 2/34 | ** | 80 | |
| Fremont Home Loan Trust FHLT 04-1 M2 | Mortgage backed security 1ML+50 2/34 | ** | 94 | |
| Fremont Home Loan Trust FHLT 04-1 M1 | Mortgage backed security 1ML+45 2/34 | ** | 27 | |
| Fremont Home Loan Trust FHLT 04-A M1 | Mortgage backed security 1ML+55 1/34 | ** | 311 | |
| Gco Slims Trust GCOSL 06-1A NOTE | Mortgage backed security 5.72 3/22 | ** | 543 | |
| Ge Capital Commercial Mortgage GECMC 04-C3 A2 | Mortgage backed security 4.433 7/39 | ** | 1,960 | |
| Ge Capital Commercial Mortgage GECMC 07-C1 XP | Interest Only Strip CSTR 12/49 | ** | 279 | |
| Ge Capital Commercial Mortgage GECMC 04-C2 A2 | Mortgage backed security 4.119 3/40 | ** | 517 | |
| Ge Capital Credit Card Master GEMNT 07-1 B | Mortgage backed security 4.95 3/13 | ** | 1,360 | |
| Ge Capital Credit Card Master GEMNT 2007-3 B | Mortgage backed security 5.49 6/13 | ** | 1,441 | |
| General Elec Cap Corp | Corporate Bond 7.5 6/15/09 | ** | 1,151 | |
| General Elec Cap Corp | Corporate Bond 4.25 9/13/10 | ** | 2,826 | |
| General Elec Cap Corp | Corporate Bond 5.2 2/01/11 | ** | 4,685 | |
| Genworth Financial Inc | Corporate Bond 5.231 5/16/09 | ** | 1,283 | |
| Genworth Global Funding | Corporate Bond 5.2 10/8/10 | ** | 385 | |
| Global Signal Trust TOWER 06-1 C | Mortgage backed security 5.707% 2/36 | ** | 421 | |
| Global Signal Trust TOWER 06-1 B | Mortgage backed security 5.588% 2/36 | ** | 332 | |
| Gmac Commercial Mortgage Secur GMACC 04-C2 A2 | Mortgage backed security CSTR 8/38 | ** | 1,474 | |

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| | Gmac Commercial Mortgage Secur GMACC 2004-C3 A3 | Mortgage backed security CSTR 12/41 | ** | 1,262 |
| | Gmac Commercial Mortgage Secur GMACC 05-C1 X2 | Interest Only Strip CSTR 5/43 | ** | 146 |
| | Gmac Commercial Mortgage Secur GMACC 06-C1 XP | Interest Only Strip CSTR 11/45 | ** | 77 |
| | Gmac Commercial Mortgage Secur GMACC 05-C1 A2 | Interest Only Strip CSTR 5/43 | ** | 740 |
| | Gmac Commercial Mortgage Secur GMACC 04-C3 X2 | Interest Only Strip CSTR 12/41 | ** | 97 |
| | Gmac Mortgage Corporation Loan GMACM 05-AR5 1A1 | Mortgage backed security CSTR 9/35 | ** | 276 |
| | Goldman Sachs Group Inc | Corporate Bond 6.875 1/15/11 | ** | 1,043 |
| | Goldman Sachs Group Inc | Corporate Bond 6.6 1/15/12 | ** | 566 |
| | Goldman Sachs Group Inc | Corporate Bond 5 1/15/11 | ** | 263 |
| | Greenpoint Financial Crp | Corporate Bond 3.2 6/06/08 | ** | 1,684 |
| | Greenwich Capital Commercial F GCCFC 03-C1 A2 | Mortgage backed security 3.285 7/35 | ** | 891 |
| | Greenwich Capital Commercial F GCCFC 07-GG9 A1 | Mortgage backed security 5.233% 03/39 | ** | 359 |
| | Greenwich Capital Commercial F GCCFC 07-GG11 XP | Interest Only Strip .48% 12/49 | ** | 720 |
| | Greenwich Capital Commercial F GCCFC 04-GG1 A4 | Mortgage backed security 4.755 6/36 | ** | 946 |
| | Greenwich Capital Commercial F GCCFC 05-GG3 A2 | Mortgage backed security CSTR 8/42 | ** | 679 |
| | Greenwich Capital Commercial F GCCFC 05-GG3 XP | Interest Only Strip CSTR 8/42 | ** | 541 |
| | Greenwich Capital Commercial F GCCFC 05-GG5 | Interest Only Strip CSTR 4/37 | ** | 445 |
| | Gs Auto Loan Trust GSALT 05-1 B | Mortgage backed security 4.62 11/13 | ** | 41 |
| | Gs Auto Loan Trust GSALT 07-1 A3 | Mortgage backed security 5.39 12/11 | ** | 1,857 |
| | Gs Auto Loan Trust GSALT 07-1 B | Mortgage backed security 5.53 12/14 | ** | 245 |
| | Gs Mortgage Securities Corpora GSMS 98-GLII A2 | Mortgage backed security 6.562 4/31 | ** | 608 |
| | Gs Mortgage Securities Corpora GSMS 05-GG4 XP | Interest Only Strip CSTR 7/39 | ** | 477 |
| | Gsamp Trust GSAMP 04-FM2 M3 | Mortgage backed security 1ML+130 1 | ** | 28 |

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| Gsamp Trust | Mortgage backed security 1ML+110 | | | |
| GSAMP 04-FM2 M2 | 1/34 | ** | 28 | |
| Gsr Mortgage Loan Trust | | | | |
| GSR 05-AR2 2A1 | Mortgage backed security CSTR 4/35 | ** | 352 | |
| Hartford Finl Svcs Grp | Corporate Bond 5.55 8/16/08 | ** | 232 | |
| Hbos Treasury Svcs Plc | Corporate Bond 3.75 9/ 144A | ** | 932 | |
| Heinz (H.J.) Co | Corporate Bond 6.428 12/01 144A | ** | 757 | |
| Honda Auto Receivables Owner T | | | | |
| HAROT 05-4 A4 | Mortgage backed security 4.6 11/10 | ** | 1,214 | |
| Host Marriott Pool Trust | | | | |
| HMPT 99-HMTA D | Mortgage backed security 7.97 8/15 | ** | 212 | |
| Host Marriott Pool Trust | | | | |
| HMPT 99-HMTA B | Mortgage backed security 7.3% 8/15 | ** | 252 | |
| Household Automotive Trust | | | | |
| HAT 05-1 A4 | Mortgage backed security 4.35% 6/12 | ** | 1,541 | |
| Household Automotive Trust | | | | |
| HAT 2006-3 A3 | Mortgage backed security 5.38% 9/11 | ** | 1,913 | |
| Household Automotive Trust | | | | |
| HAT 07-1 A3 | Mortgage backed security 5.3 11/11/11 | ** | 656 | |
| Household Automotive Trust | | | | |
| HAT 07-1 A4 | Mortgage backed security 5.3 11/18/13 | ** | 868 | |
| Hsbc Finance Corp | Corporate Bond 5.25 1/14/11 | ** | 512 | |
| Hsbc Finance Corp | Corporate Bond 5.875 2/1/09 | ** | 310 | |
| Hsbc Finance Corp | Corporate Bond 4.125 12/15/08 | ** | 496 | |
| Hsbc Finance Corp | Corporate Bond 4.75 5/15/09 | ** | 773 | |
| Hsbc Finance Corp | Corporate Bond 4.125 11/16/09 | ** | 2,304 | |
| Hutchison Wham Int 03/33 | | | | |
| INT 03/33 | Corporate Bond 5.45 11 144H | ** | 2,107 | |
| Hutchison Whamp Intl Ltd | Corporate Bond 7 2/1 144A | ** | 432 | |
| Hyundai Auto Receivables Trust | | | | |
| HART 06-1 C | Mortgage backed security 5.34 11/12 | ** | 97 | |
| Hyundai Auto Receivables Trust | | | | |
| HART 2007-A A3A | Mortgage backed security 5.04 1/12 | ** | 881 | |
| Hyundai Auto Receivables Trust | | | | |
| HART 05-A C | Mortgage backed security 4.22 2/12 | ** | 44 | |
| Hyundai Auto Receivables Trust | | | | |
| HART 06-1 B | Mortgage backed security 5.29 11/12 | ** | 74 | |
| Ilfc E-Capital Trust I | Corporate Bond 5.9/VR 144A | ** | 2,413 | |

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| Impac Cmb Trust IMM 05-1 M4 | Mortgage backed security 1ML+75 4/35 | ** | 15 | |
| Impac Cmb Trust IMM 05-1 M5 | Mortgage backed security 1ML+77 4/35 | ** | 14 | |
| Impac Cmb Trust IMM 05-1 M6 | Mortgage backed security 1ML+82 4/35 | ** | 21 | |
| Intl Lease Finance Corp | Corporate Bond 5.625 9/15/10 | ** | 619 | |
| John Deere Capital Corp | Corporate Bond 4.875 3/16/09 | ** | 290 | |
| Jp Morgan Auto Receivables Tru JPMRT 2006-A A4 | Mortgage backed security 5.14 12/14 | ** | 828 | |
| Jp Morgan Auto Receivables Tru JPMART 2006-A B | Mortgage backed security 5.36 12/14 | ** | 167 | |
| Jp Morgan Chase Commercial Mor JPMCC 04-C3 A2 | Mortgage backed security 4.223 1/42 | ** | 827 | |
| Jp Morgan Chase Commercial Mor JPMCC 05-LDP2 A2 | Mortgage backed security 4.575 7/42 | ** | 740 | |
| Jp Morgan Chase Commercial Mor JPMCC 04-CB9 A2 | Mortgage backed security CSTR 6/41 | ** | 1,533 | |
| Jp Morgan Chase Commercial Mor JPMCC 2001-C1 A2 | Mortgage backed security 5.464 10/35 | ** | 616 | |
| Jp Morgan Chase Commercial Mor JPMCC 05-LDP4 A1 | Mortgage backed security CSTR 10/42 | ** | 344 | |
| Jp Morgan Chase Commercial Mor JPMCC 2006-LDP9 A1 | Mortgage backed security CSTR 5/47 | ** | 569 | |
| Jp Morgan Chase Commercial Mor JPMCC 04-CB8 A2 | Mortgage backed security 3.837 1/39 | ** | 1,255 | |
| Jp Morgan Chase Commercial Mor JPMCC 03-CB7 X2 | Interest Only Strip CSTR 1/38 | ** | 33 | |
| Jp Morgan Chase Commercial Mor JPMCC 04-CBX X2 | Interest Only Strip CSTR 1/37 | ** | 297 | |
| Jp Morgan Chase Commercial Mor JPMCC 07-LDP10 A-1 | Interest Only Strip 5.122% 5/49 | ** | 272 | |
| Jp Morgan Mortgage Trust JPMMT 06-A3 6A1 | Mortgage backed security CSTR 8/34 | ** | 514 | |
| Jp Morgan Mortgage Trust JPMMT 2007-A1 5A1 | Mortgage backed security CSTR 7/35 | ** | 1,396 | |
| Jp Morgan Mortgage Trust JPMMT 05-A8 2A3 | Mortgage backed security CSTR 11/35 | ** | 187 | |
| Jpmorgan Chase & Co | Corporate Bond 6.75 2/1/11 DT | ** | 264 | |
| Jpmorgan Chase & Co | Corporate Bond 4.6 1/17/11 | ** | 168 | |
| Jpmorgan Chase & Co | Synthetic GIC - Global Wrap - 4.85% | ** | (775) | |
| Keyspan Corp | Corporate Bond 7.625 11/15/10 | ** | 370 | |

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| Korea Development Bank | Corporate Bond 3.875 3/02/09 | ** | 752 | |
| Korea Development Bank | Corporate Bond 4.75 7/20/09 | ** | 604 | |
| Kraft Foods Inc | Corporate Bond 4% 10/1/08 | ** | 772 | |
| Kraft Foods Inc | Corporate Bond 4.125 11/12/09 | ** | 269 | |
| Kraft Foods Inc | Corporate Bond 5.625 8/11/10 | ** | 1,244 | |
| Lb Commercial Conduit Mortgage LBCMT 99-C1 A2 | Mortgage backed security 6.78 6/31 | ** | 1,252 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 00-C3 A2 | Mortgage backed security 7.95 1/10 | ** | 976 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 04-C6 A2 | Mortgage backed security 4.187 8/29 | ** | 697 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 00-C5 A1 | Mortgage backed security 6.41 12/19 | ** | 5 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 04-C4 A2 | Mortgage backed security CSTR 6/29 | ** | 905 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 00-C5 A2 | Mortgage backed security 6.51 12/26 | ** | 483 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 04-C2 A3 | Mortgage backed security 3.973 3/29 | ** | 699 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 05-C1 AAB | Mortgage backed security CSTR 2/30 | ** | 553 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 07-C1 A1 | Mortgage backed security CSTR 2/15/40 | ** | 238 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 07-C1 XCP | Interest Only Strip CSTR 2/40 IO | ** | 130 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 07-C2 A1 | Mortgage backed security 5.226 2/40 | ** | 202 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 07-C2 XCP | Interest Only Strip CSTR 2/40 | ** | 581 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 2006-C6 A1 | Mortgage backed security 5.23 9/39 | ** | 346 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 2006-C7 A1 | Mortgage backed security 5.279 11/38 | ** | 163 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 2006-C3 A1 | Mortgage backed security 5.478 3/39 | ** | 327 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 03-C7 A3 | Mortgage backed security CSTR 9/27 | ** | 819 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 05-C5 XCP | Interest Only Strip CSTR 9/40 | ** | 623 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 04-C8 XCP | Interest Only Strip CSTR 12/39 | ** | 70 | |

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| Lb-Ubs Commercial Mortgage Tru LBUBS 206-C1A XCP | Interest Only Strip CSTR 2/41 | ** | 428 | |
| Lb-Ubs Commercial Mortgage Tru LBUBS 05-C7 XCP | Interest Only Strip CSTR 11/40 | ** | 294 | |
| Legg Mason Inc | Corporate Bond 6.75 7/02/08 | ** | 219 | |
| Lehman Brothers Holdings | Corporate Bond 5.75 7/18/11 | ** | 403 | |
| Lehman Brothers Holdings | Corporate Bond 4.375 11/10 | ** | 368 | |
| Lehman Brothers Holdings | Corporate Bond 4.25 1/27/10 | ** | 681 | |
| Lehman Large Loan LII-1997-LII D | Mortgage backed security 7.15 10/34 | ** | 484 | |
| Long Beach Auto Receivables Tr LBART 2006-B A4 | Mortgage backed security 5.18 9/13 | ** | 912 | |
| M&I Auto Loan Trust MILT 05-1 B | Mortgage backed security 5.02 7/12 | ** | 1,064 | |
| Marshall & Ilsley Corp | Corporate Bond 5.35 4/1/11 | ** | 266 | |
| Manuf & Traders Trust Co | Corporate Bond 3.85 4/01/13 | ** | 2,014 | |
| Marriott Vacation Club Owner T MVCOT 05-2 A | Mortgage backed security 4.6% 10/27 | ** | 363 | |
| Marriott Vacation Club Owner T MVCOT 06-2A A | Mortgage backed security 5.417 10/28 | ** | 341 | |
| Marriott Vacation Club Owner T MVCOT 06-2A B | Mortgage backed security 5.467 10/28 | ** | 57 | |
| Marriott Vacation Club Owner T MVCOT 06-2A C | Mortgage backed security 5.766 10/28 | ** | 25 | |
| Mastr Adjustable Rate Mortgage MARM 04-11 1A4 | Mortgage backed security 1ML+49 11/34 | ** | 28 | |
| Mastr Adjustable Rate Mortgage MARM 04-11 2A2 | Mortgage backed security 1ML+44 11/ | ** | 7 | |
| Mastr Seasoned Securities Trus MSSTR 04-1 1A1 | Mortgage backed security CSTR 8/17 | ** | 376 | |
| Mbna Capital A | Corporate Bond 8.278 12/01/26 | ** | 576 | |
| Mbna Credit Card Master Note T MBNAS 05-B4 B4 | Mortgage backed security 4.9% 3/11 | ** | 1,372 | |
| Meritage Mortgage Loan Trust MMLT 04-1 M1 | Mortgage backed security 1ML+50 7/34 | ** | 172 | |
| Merrill Lynch & Co | Corporate Bond 4.125 1/15/09 | ** | 855 | |
| Merrill Lynch & Co | Corporate Bond 4.831 10/27/08 | ** | 619 | |
| Merrill Lynch Mortgage Trust MLMT 04-BPC1 XP | Interest Only Strip CSTR 9/41 | ** | 335 | |

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| Merrill Lynch Mortgage Trust MLMT 04-MKB1 A2 | Mortgage backed security 4.353 2/42 | ** | 4,851 | |
| Merrill Lynch Mortgage Trust MLMT 05-MCP1 A2 | Mortgage backed security 4.556 6/43 | ** | 1,132 | |
| Merrill Lynch Mortgage Trust MLMT 05-MCP1 XP | Interest Only Strip CSTR 6/43 | ** | 162 | |
| Merrill Lynch Mortgage Trust MLMT 04-KEY2 A2 | Mortgage backed security 4.166 8/39 | ** | 1,180 | |
| Merrill Lynch Mortgage Trust MLMT 05-MKB2 XP | Interest Only Strip CSTR 9/42 | ** | 33 | |
| Merrill Lynch/Countrywide Comm MLCFC 07-6 A1 | Mortgage backed security 5.175 3/12/51 | ** | 247 | |
| Merrill Lynch/Countrywide Comm MLCFC 07-8 A1 | Mortgage backed security 4.622 8/49 | ** | 347 | |
| Merrill Lynch/Countrywide Comm MLCFC 06-3 XP | Interest Only Strip CSTR 7/46 | ** | 471 | |
| Merrill Lynch/Countrywide Comm MLCFC 2006-4 XP | Interest Only Strip CSTR 12/49 | ** | 1,466 | |
| Midamerican Energy Co | Corporate Bond 5.65 7/15/12 | ** | 1,177 | |
| Mizuho Finance Cayman | Corporate Bond 8.625 4/15/ 144A | ** | 1,278 | |
| Morgan Jp & Co Inc | Corporate Bond 6 1/15/09 | ** | 420 | |
| Morgan Jp & Co Inc | Corporate Bond 6.25 1/15/09 | ** | 323 | |
| Morgan Stanley | Corporate Bond 4 1/15/10 | ** | 431 | |
| Morgan Stanley | Corporate Bond 5.05 1/21/11 | ** | 1,636 | |
| Morgan Stanley | Corporate Bond 6.75 4/15/11 | ** | 2,401 | |
| Morgan Stanley Abs Capital I MSAC 03-NC7 M1 | Mortgage backed security 1ML+70 6/33 | ** | 170 | |
| Morgan Stanley Capital I MSC 2007-HQ11 A1 | Mortgage backed security CSTR 2/44 | ** | 392 | |
| Morgan Stanley Capital I MSC 99-CAM1 A4 | Mortgage backed security 7.02 3/32 | ** | 165 | |
| Morgan Stanley Capital I MSC 04-HQ3 A2 | Mortgage backed security 4.05 12/41 | ** | 536 | |
| Morgan Stanley Capital I MSC 2006-HQ10 X2 | Interest Only Strip CSTR 11/41 | ** | 430 | |
| Morgan Stanley Capital I MSC 07-IQ13 A1 | Mortgage backed security 5.05 3/44 | ** | 381 | |
| Morgan Stanley Capital I MSC 07-HQ14 A1 | Mortgage backed security 5.38 4/49 | ** | 803 | |
| Morgan Stanley Capital I MSC 04-HQ4 X2 | Interest Only Strip CSTR 4/40 | ** | 86 | |

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| Morgan Stanley Capital I MSC 05-IQ9 X2 | Interest Only Strip CSTR 7/56 | ** | 226 | |
| Morgan Stanley Capital I MSC 2006-HQ9 A1 | Mortgage Backed Security 5.49 7/44 | ** | 939 | |
| Morgan Stanley Capital I MSC 07-HQ12 A1 | Mortgage backed security CSTR 4/49 | ** | 450 | |
| Morgan Stanley Capital I MSC 06-T21 A1 | Mortgage backed security 4.925 10/52 | ** | 674 | |
| Morgan Stanley Capital I MSC 05-HQ5 X2 | Interest Only Strip CSTR 1/42 | ** | 73 | |
| Morgan Stanley Capital I MSC 05-TOP17 X2 | Interest Only Strip CSTR 12/41 | ** | 113 | |
| Morgan Stanley Dean Witter Cap MSDWC 01-NC1 M2 | Mortgage backed security 1ML+107 10/31 | ** | 6 | |
| National Collegiate Student Lo NCSLT 05-2 AIO | Interest Only Strip 7.73 3/12 | ** | 102 | |
| National Collegiate Student Lo NCSLT 04-2 AIO | Interest Only Strip 9.75 10/14 | ** | 293 | |
| National Collegiate Student Lo NCSLT 06-1 A-IO | Interest Only Strip 5.5 4/11 | ** | 215 | |
| National Collegiate Student Lo NCSLT 05-1 AIO | Interest Only Strip 6.75% 12/09 | ** | 57 | |
| National Collegiate Student Lo NCSLT 2007-2 AIO | Interest Only Strip 6.7 7/12 | ** | 430 | |
| National Collegiate Student Lo NCSLT 2006-2 AIO | Interest Only Strip 6 8/11 | ** | 60 | |
| National Collegiate Student Lo NCSLT 06-4 AIO | Interest Only Strip 6.35 02/12 | ** | 437 | |
| National Collegiate Student Lo NCSLT 05-3Q AIO | Interest Only Strip 4.8 7/12 | ** | 231 | |
| National Collegiate Student Lo NCSLT 2007-1 AIO | Interest Only Strip 7.27 4/12 | ** | 585 | |
| National Collegiate Student Lo NCSLT 2006-3 AIO | Interest Only Strip 7.1 1/12 | ** | 601 | |
| National Rural Utilities | Corporate Bond 5.75 8/28/09 | ** | 426 | |
| Nationslink Funding Corporatio NLFC 99-1 C | Mortgage backed security 6.571 1/31 | ** | 529 | |
| Navistar Financial Corp Owner NAVOT 05-A A4 | Mortgage backed security 4.43 1/14 | ** | 566 | |
| New Cingular Wireless Sv / At&T Wireless | Corporate Bond 7.875 3/01/11 | ** | 771 | |
| Nissan Auto Receivables Owner NAROT 05-A A4 | Mortgage backed security 3.82 7/10 | ** | 491 | |

Nissan Auto Receivables Owner
NAROT 07-B A3

Mortgage backed security 5.03 5/11

**

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| Nordstrom Prvt Label Credit Ca NORD 07-1A A | Mortgage backed security 4.92 5/13 144A | ** | 2,251 | |
| Northstar Education Finance, I NEF 05-1 A5 | Mortgage backed security 4.74 10/45 | ** | 829 | |
| Novastar Home Equity Loan NHEL 04-1 M1 | Mortgage backed security 1ML+45 6/34 | ** | 130 | |
| Nstar | Corporate Bond 8 2/15/10 | ** | 341 | |
| Onyx Acceptance Owner Trust ONYX 05-B A4 | Mortgage backed security 4.34% 5/12 | ** | 459 | |
| Oracle Corp | Corporate Bond 5 1/15/11 | ** | 430 | |
| Orix Corp | Corporate Bond 5.48% 11/22/11 | ** | 1,106 | |
| Park Place Securities Inc PPSI 04-WCW1 M1 | Mortgage backed security 1ML+63 9/34 | ** | 276 | |
| Petroleum Export/Cayman | Corporate Bond 4.623 6/15 144A | ** | 408 | |
| Petroleum Export/Cayman | Corporate Bond 4.633 6/15 144A | ** | 244 | |
| Pinnacle Capital Asset Trust PCAT 2006-A B | Mortgage backed security 5.51% 9/09 | ** | 330 | |
| Pinnacle Capital Asset Trust PCAT 2006-A C | Mortgage backed security 5.77% 5/10 | ** | 306 | |
| Prime Property Funding | Corporate Bond 5.6 6/15/11 | ** | 540 | |
| Providian Master Note Trust PMNT 06-B1A B1 | Mortgage backed security 5.35 3/13 | ** | 1,124 | |
| Providian Master Note Trust PMNT 05-2 B2 | Mortgage backed security 5.1 11/12 | ** | 1,030 | |
| Rabobank Nederland | Synthetic GIC - Global Wrap - 4.85% Mortgage backed security 8.294 | ** | (776) | |
| Ras Laffan Liq Nat Gas | 3/15/14 144A | ** | 644 | |
| Republic Of Chile | Foreign Bond 6.875 4/28/09 DT | ** | 42 | |
| Residential Asset Mortgage Pro RAMP 04-SL2 A1I | Mortgage backed security 6.5 10/16 | ** | 55 | |
| Residential Asset Mortgage Pro RAMP 04-RS6 M1I2 | Mortgage backed security 1ML+130 6/34 | ** | 225 | |
| Residential Asset Mortgage Pro RAMP 03-SL1 A31 | Mortgage backed security 7.125 4/31 | ** | 246 | |
| Salomon Brothers Mortgage Secu SBM7 00-C1 A2 | Mortgage backed security 7.52 12/09 | ** | 955 | |
| Salomon Brothers Mortgage Secu SBM7 00-C3 A2 | Mortgage backed security 6.592 12/33 | ** | 888 | |
| Santander Issuances | Corporate Bond 5.805/VAR 6/20/16 | ** | 767 | |

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| Santander Drive Auto Receivabl | | | | |
| SDART 07-3 A3 FGIC | Mortgage backed security 5.42 8/12 | ** | 534 | |
| Santander Us Debt Sa Uni | Corporate Bond 4.75 10/21 144A | ** | 2,333 | |
| Sba Cmbs Trust | | | | |
| SBAC 05-1A A | Mortgage backed security 5.369 11/35 | ** | 348 | |
| Sba Cmbs Trust | | | | |
| SBAC 05-1A B | Mortgage backed security 5.565 11/35 | ** | 240 | |
| | Mortgage backed security 7.7 8/15/10 | | | |
| Scotland Intl Fin No.2 | 144A | ** | 1,109 | |
| Securitized Asset Backed Recei | Mortgage backed security 1ML+52 | | | |
| SABR 04-NC1 M1 | 2/34 | ** | 247 | |
| Sempra Energy | Corporate Bond 7.95 3/01/10 | ** | 761 | |
| Sempra Energy | Corporate Bond 4.75 5/15/09 | ** | 256 | |
| Simon Property Group Lp | Corporate Bond 4.875 8/15/10 | ** | 379 | |
| Simon Property Group Lp | Corporate Bond 5.375 6/1/11 | ** | 1,121 | |
| Simon Property Group Lp | Corporate Bond 5.6 9/1/11 | ** | 628 | |
| Slm Corp | Corporate Bond 4% 1/15/09 | ** | 1,753 | |
| Slm Corp | Corporate Bond 4 1/15/10 | ** | 620 | |
| Slm Student Loan | | | | |
| SLMA 05-7 A3 | Mortgage backed security 4.41 7/25 | ** | 1,247 | |
| Slm Student Loan Trust | Mortgage backed security 3ML+58 | | | |
| SLMA 04-A B | 6/33 | ** | 203 | |
| Sp Powerassets Ltd | Corporate Bond 3.8 10 144S | ** | 1,301 | |
| Sprint Capital Corp | Corporate Bond 7.625 1/30/11 | ** | 1,305 | |
| Starwood Commercial Mortgage T | | | | |
| STARW 99-C1A B | Mortgage backed security 6.92 2/14 | ** | 192 | |
| State St Bk & Tr Co Boston | Synthetic GIC - Global Wrap - 4.85% | ** | (776) | |
| Structured Asset Securities Co | Mortgage backed security 1ML+40 | | | |
| SASC 04-NP1 A | 9/33 | ** | 79 | |
| Structured Asset Securities Co | Mortgage backed security 1ML+36 | | | |
| SASC 04-GEL1 A | 2/34 | ** | 27 | |
| Svo Voi Mortgage Corp | | | | |
| SVOVM 05-A A | Mortgage backed security 5.25 2/21 | ** | 362 | |
| Telecom Italia Capital | Corporate Bond 4 11/15/08 | ** | 1,002 | |
| Telecom Italia Capital | Corporate Bond 4% 1/15/10 | ** | 1,871 | |
| Telecom Italia Capital | Corporate Bond 4.875 10/01/10 | ** | 463 | |

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Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

| (a) | (b) | (c) | (d) | (e) |
|---|---|-----------------|---------------|-----|
| Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Historical Cost | Current Value | |
| Telefonos De Mexico S.A. | Corporate Bond 4.5 11/19/08 | ** | 185 | |
| Telefonos De Mexico S.A. | Corporate Bond 4.75 1/27/10 | ** | 2,993 | |
| Transcapit (Transneft) | Corporate Bond 5.67 3/5/14 144A | ** | 1,025 | |
| Triad Auto Receivables Owner T TAROT 06-A A3 | Mortgage backed security 4.77% 1/11 | ** | 418 | |
| Triad Auto Receivables Owner T TAROT 06-A A4 | Mortgage backed security 4.88% 4/13 | ** | 717 | |
| Triad Auto Receivables Owner T TAROT 2006-C A3 | Mortgage backed security 5.26 11/14 | ** | 1,224 | |
| Triad Auto Receivables Owner T TAROT 2006-C A4 | Mortgage backed security 5.31 5/13 | ** | 568 | |
| Tyrquoise Card Backed Security HCARD 07-1 B | Mortgage backed security 5.53 6/12 | ** | 1,042 | |
| Unicredito Luxem Fin | Corporate Bond 5.584/VAR 1/13/17 | ** | 1,118 | |
| Us Bancorp | Corporate Bond 5.3 4/28/09 | ** | 367 | |
| Us Treasury Note/Bond | USTN 4.375% 12/15/10 | ** | 539 | |
| Us Treasury Note/Bond | USTN 4.625 7/31/12 | ** | 54,056 | |
| Us Treasury Note/Bond | USTN 4.25 6/30/12 | ** | 4,602 | |
| Unitedhealth Group Inc | Corporate Bond 5.125 11/15/10 144A | ** | 1,734 | |
| Verizon Communications | Corporate Bond 7.25 12/1/10 | ** | 2,356 | |
| Verizon New York Inc | Corporate Bond 6.875 4/01/12 | ** | 365 | |
| Vodafone Group Plc | Corporate Bond 7.75 2/15/10DT | ** | 2,754 | |
| Vodafone Group Plc | Corporate Bond 5.5 6/15/11 | ** | 794 | |
| Wachovia Auto Loan Owner Trust WALOT 06-2 B | Mortgage backed security 5.29% 6/12 | ** | 368 | |
| Wachovia Auto Loan Owner Trust WALOT 06-2 C | Mortgage backed security 5.34% 10/12 | ** | 693 | |
| Wachovia Auto Loan Owner Trust WALOT 07-1 B | Mortgage backed security 5.38 7/20/12 | ** | 1,050 | |
| Wachovia Auto Loan Owner Trust WALOT 07-1C | Mortgage backed security 5.45 1/22/12 | ** | 725 | |
| Wachovia Auto Loan Owner Trust WALOT 06-1 A-3 | Mortgage backed security 5.1 7/11 | ** | 430 | |
| Wachovia Auto Loan Owner Trust WALOT 06-1B | Mortgage backed security 5.15% 7/12 | ** | 534 | |

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Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

| (a) | (b) | (c) | (d) | (e) |
|---|---|-----------------|---------------|-----|
| Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Historical Cost | Current Value | |
| Wachovia Auto Owner Trust WAOT 05-B A3 | Mortgage backed security 4.79% 4/10 | ** | 1,810 | |
| Wachovia Bank Commercial Mortg WBCMT 03-C7 A1 | Mortgage backed security 4.241 10/35 | ** | 875 | |
| Wachovia Bank Commercial Mortg WBCMT 04-C11 A3 | Mortgage backed security 4.719 1/41 | ** | 362 | |
| Wachovia Bank Commercial Mortg WBCMT 2006-C27 A2 | Mortgage backed security 5.624 7/45 | ** | 265 | |
| Wachovia Bank Commercial Mortg WBCMT 07-C30 A1 | Mortgage backed security 5.031 12/43 | ** | 365 | |
| Wachovia Bank Commercial Mortg WBCMT 2007-C30 XP | Interest Only Strip CSTR 12/43 | ** | 538 | |
| Wachovia Bank Commercial Mortg WBCMT 05-C16 APB | Mortgage backed security 4.692 10 | ** | 1,374 | |
| Wachovia Bank Commercial Mortg WBCMT 2004-C15 A2 | Mortgage backed security 4.039 10/41 | ** | 1,960 | |
| Wachovia Bank Commercial Mortg WBCMT 05-C16 A2 | Mortgage backed security 4.38 10/41 | ** | 1,836 | |
| Wachovia Bank Commercial Mortg WBCMT 03-C8 A3 | Mortgage backed security 4.445 11/35 | ** | 1,547 | |
| Wachovia Bank Commercial WBCMT 04-C14 A2 | Mortgage backed security 4.368 8/41 | ** | 543 | |
| Wachovia Bank Commercial Mortg WBCMT 05-C22 A1 | Mortgage backed security 4.98 12/44 | ** | 125 | |
| Wachovia Bank Commercial Mortg WBCMT 06-C24 XP | Interest Only Strip CSTR 3/45 | ** | 488 | |
| Wachovia Bank Commercial Mortg WBCMT 04-C15 XP | Interest Only Strip CSTR 10/41 | ** | 130 | |
| Wachovia Bank Commercial Mortg WBCMT 05-C18 XP | Interest Only Strip CSTR 4/42 | ** | 341 | |
| Wachovia Capital Trust V | Corporate Bond 7.965 6 144A | ** | 312 | |
| Wachovia Corp0Ration | Corporate Bond 3.5 8/15/08 | ** | 148 | |
| Wamu Mortgage Pass-Through Cer WAMU-05-AR16 1A3 | Mortgage backed security CSTR 12/35 | ** | 690 | |
| Washington Mutual Bank | Corporate Bond 4.5 8/2 | ** | 72 | |
| Washington Mutual Master Note WMMNT 2007-B1 B1 | Mortgage backed security 4.95 3/14 | ** | 2,070 | |
| Wells Fargo & Company | Corporate Bond 4 9/10/1 | ** | 1,104 | |
| Wells Fargo & Company | Corporate Bond 4 8/15/08 | ** | 1,524 | |
| Wells Fargo Mortgage Backed Se WFMB 06-AR8 2A6 | Mortgage backed security CSTR 4/36 | ** | 826 | |

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Eastman Investment and Employee Stock Ownership Plan
 Schedule H, Line 4 (i) – Schedule of Assets (Held at End of Year)
 December 31, 2007

| (a) | (b) | (c) | (d) | (e) |
|---|---|-----------------|---------------|-----|
| Identity of issue, borrower, lessor, or similar party | Description of investment, including maturity date, rate of interest, collateral, par or maturity value | Historical Cost | Current Value | |
| Wells Fargo Mortgage Backed Se WFMB5 5-AR9 2A1 | Mortgage backed security CSTR 5/35 | ** | 822 | |
| Wells Fargo Mortgage Backed Se WFMB5 05-AR10 2A2 | Mortgage backed security CSTR 6/35 | ** | 1,451 | |
| Western Union Co | Corporate Bond 5.4 11/17 144A | ** | 1,134 | |
| Wfs Financial Owner Trust WESTO 04-4 A4 | Mortgage backed security 3.44% 5/12 | ** | 824 | |
| Wfs Financial Owner Trust WESTO 05-3 A4 | Mortgage backed security 4.39 5/13 | ** | 406 | |
| Wfs Financial Owner Trust WESTO 05-3 C | Mortgage backed security 4.54 5/13 | ** | 325 | |
| World Omni Auto Receivables Tr WOART 06-A A3 | Mortgage backed security 5.01 10/10 | ** | 688 | |
| World Omni Auto Receivables Tr WOART 07-B A3A | Mortgage backed security 5.28 1/17/12 | ** | 427 | |
| Sub-Total Managed Income Fund | | | 585,783 | |
| Self Directed Brokerage Account | 13,013 Shares | ** | 13,013 | |
| Total Assets | | | 1,577,627 | |

* Represents a party-in-interest to the Plan.

** Historical cost is omitted because the investment is participant-directed.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed by the undersigned thereunto duly authorized.

Eastman Investment and Employee
Stock Ownership Plan

Date: June 30, 2008

By: /s/ Scott V. King
Scott V. King
Vice President and Controller

Eastman Investment and Employee Stock Ownership Plan
Exhibit Index

| Exhibit Number | Description | Sequential Page Number |
|-------------------|---|---------------------------|
| 23.01 | Consent of Independent Registered Public Accounting Firm | 49 |

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